

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1 {York Stenographic Services, Inc.}

2 RPTS BROWN

3 HIF153.170

4 AN UPDATE ON THE TAKATA AIRBAG RUPTURES AND RECALLS

5 TUESDAY, JUNE 2, 2015

6 House of Representatives,

7 Subcommittee on Commerce, Manufacturing, and Trade

8 Committee on Energy and Commerce

9 Washington, D.C.

10 The Subcommittee met, pursuant to call, at 2:09 p.m., in
11 Room 2123 of the Rayburn House Office Building, Hon. Michael
12 C. Burgess [Chairman of the Subcommittee] presiding.

13 Members present: Representatives Burgess, Lance,
14 Blackburn, Harper, Guthrie, Olson, Kinzinger, Bilirakis,
15 Brooks, Mullin, Upton (ex officio), Schakowsky, Clarke,
16 Kennedy, Cardenas, Butterfield, Welch, and Pallone (ex

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

17 officio).

18 Staff present: Leighton Brown, Press Assistant; James
19 Decker, Policy Coordinator, Commerce, Manufacturing, and
20 Trade; Andy Duberstein, Deputy Press Secretary; Graham
21 Dufault, Counsel, Commerce, Manufacturing, and Trade; Melissa
22 Froelich, Counsel, Commerce, Manufacturing, and Trade; Kirby
23 Howard, Legislative Clerk; Paul Nagle, Chief Counsel,
24 Commerce, Manufacturing, and Trade; John Ohly, Professional
25 Staff, Oversight and Investigations; Olivia Trusty,
26 Professional Staff, Commerce, Manufacturing, and Trade;
27 Michelle Ash, Democratic Chief Counsel, Commerce,
28 Manufacturing, and Trade; Christine Brennan, Democratic Press
29 Secretary; Jeff Carroll, Democratic Staff Director; Lisa
30 Goldman, Democratic Counsel; Ashley Jones, Democratic
31 Director, Outreach and Member Services; Adam Lowenstein,
32 Democratic Policy Analyst; and Tim Robinson, Democratic Chief
33 Counsel.

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

|

34 Mr. {Burgess.} I want to welcome Dr. Rosekind to our
35 committee hearing today. The Subcommittee on Commerce,
36 Manufacturing, and Trade will now come to order. The Chair
37 recognizes himself for 5 minutes for the purposes of an
38 opening statement.

39 So, again, I want to extend my welcome to everyone as we
40 revisit a very serious motor vehicle deficit. Six months ago
41 this Subcommittee held a hearing looking at the same issue,
42 and members of the Subcommittee were assured that everything
43 was being done, and that testing and expertise were being
44 brought to bear, but there were still a lot of unanswered
45 questions. I was not Chairman at that time, but I did sit in
46 on the subcommittee hearing, and I remember raising the
47 concern that safer does not mean the same thing as safe.
48 Here we are 6 months later, and I was hoping we were getting
49 down the road of safer, but it is still unclear to me how far
50 away we are from safe.

51 A few weeks ago the National Highway Traffic Safety
52 Administration launched the largest motor vehicle safety
53 recall in our Nation's history due to defective Takata

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

54 airbags. This recall may impact 13 percent of the country's
55 driving stock, affecting an unknown number of vehicles, and
56 spanning 11 vehicle manufacturers. Since our last hearing,
57 tragically, there has been an additional death attributed to
58 an exploding Takata airbag in my home state of Texas. Every
59 morning I fear I am playing headline roulette waiting for
60 another rupture, another injury, another death. While it has
61 now been confirmed that there is a defect affecting at least
62 six Takata airbag inflators, we don't have any great clarity
63 as to the root cause, and how we will know when we get to
64 that point where we are safe. Clarity and transparency are
65 indeed needed.

66 One thing that certainly isn't clear is why we are
67 launching this national recall now, instead of almost a year
68 ago, when basically the same information was before us. The
69 American people deserve much better. They deserve to know,
70 when a national recall is announced, if their car part is of
71 the recall. I am repeatedly visited by vehicle manufacturers
72 who lament the challenges of getting drivers to respond to
73 recall notices, especially following a year of record
74 recalls, and an overwhelming sense of recall fatigue. Yet,

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

75 when we do have the attention of consumers, how is it helpful
76 to tell them that there is a recall, but to check back later
77 to see if you need to do something? NHTSA serves a
78 fundamental and critical role in ensuring vehicle safety. It
79 is critically important that it be part of the solution in
80 every step of the recall process in removing defective
81 vehicles from the road.

82 The supply of replacement parts is also of concern. I
83 am glad that the agency has--acknowledging that it has a role
84 to play. United States drivers are competing against a
85 global supply chain, and recalls in many parts of the world.
86 I also acknowledge that Dr. Rosekind is still fairly new to
87 NHTSA, and was not yet the administrator at our last hearing.
88 I hope that we will see more action going forward, as this is
89 now direct and timely.

90 I have serious concerns about where we are in the
91 process. It is inconceivable to me that none of the tests
92 conducted by Takata over the past year on over 30,000
93 inflators has given us a clearer picture and dictated more
94 direct action. And why is it that we still don't have any
95 deployment testing being done by anyone besides Takata? At

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

96 what point do we accept that we need to completely eliminate
97 defective inflators and implement a new design, and a new
98 manufacturing process? Are all the driver's side airbag
99 replacements now using different inflator compounds? What is
100 different about the passenger side inflators?

101 We do have many questions today. The most important
102 question of all, however, does not involve compounds,
103 desiccate O-rings, or moisture. It is simply this, when will
104 we have a plan that can be presented to the public,
105 identifies who is affected, and when they will have a safe,
106 not a safer, but a safe replacement part available? Nothing
107 is more important, and nothing else is acceptable. In the
108 meantime, the driving public should continue checking their
109 Vehicle Identification Numbers against the NHTSA database to
110 see if their vehicle is affected, and this includes vehicles
111 that have previously been recalled.

112 [The prepared statement of Mr. Burgess follows:]

113 ***** COMMITTEE INSERT *****

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

|

114 Mr. {Burgess.} Chair now recognizes--I will be happy to
115 yield to Ms. Blackburn the balance of the time.

116 Mrs. {Blackburn.} Thank you, Mr. Chairman, and I want
117 to thank the witnesses for both panels for being here. As
118 Chairman Burgess has said, this is an issue that we have
119 followed, are continuing to work on, and you are going to see
120 us stay with this issue. The fact that we have these airbag
121 ruptures, that they have caused serious injury and death, is
122 of concern to us. I questioned Takata at the last hearing
123 about a November 19, 2014 New York Times article which noted
124 that engineers at Takata's Moses Lake, Washington facility
125 had raised serious concern about the use of ammonium nitrate
126 as an airbag propellant. They had done that as far back as
127 1999, yet they persist with this. Questions persist, and I
128 thank you all for being here for our hearing. I yield back.

129 [The prepared statement of Mrs. Blackburn follows:]

130 ***** COMMITTEE INSERT *****

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

|

131 Mr. {Burgess.} Gentlelady yields back. The Chair
132 thanks the gentlelady. The Chair recognizes Subcommittee
133 Ranking Member Ms. Schakowsky. 5 minutes for an opening
134 statement, please.

135 Ms. {Schakowsky.} Thank you, Mr. Chairman, for holding
136 today's hearing on the Takata airbag recall. The American
137 people deserve to know what went wrong with Takata's airbags,
138 and why it took so long to discover, and how the Committee
139 and this Congress will respond to ensure that it never
140 happens again.

141 Chairman Upton recently remarked about his airbag
142 deploying after hitting a deer and said, ``Maybe I am lucky
143 it wasn't a Takata''. But at least 34 million Americans
144 aren't so lucky. We have a guest here today, Angelina
145 Zujarta, who was a victim--raise your hand--who was a victim
146 of a Takata air rupture. At least six people have been
147 killed by their airbag. In Angelina's case, it was 3 years
148 ago, she was in a car accident at only 25 miles an hour.
149 Shrapnel from a defective airbag ripped her chest, and we are
150 just very thankful to have her here today. Here is an

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

151 example of such an airbag that has these holes in it, where
152 the--am I on the wrong side? Here we go. That shows where
153 the shrapnel came out. This is an example--these are
154 examples of these sharp pieces that landed in her chest in
155 two places. These are not the exact ones, but shrapnel like
156 this, and it is very, very dangerous. We need to stop it.

157 My big concern about this recall is that the root cause
158 really has not been yet determined. We have been told that a
159 combination of factors, including humidity and age,
160 contribute to airbag ruptures, but we don't know whether the
161 flaws in the design, manufacture, installation, or some other
162 aspect of the airbag, which means that we still can't be sure
163 that replacement airbags being installed right now are any
164 safer. Well, this is really dangerous, and we need to know
165 what caused this failure to make sure that it doesn't happen
166 again.

167 But as we wait for those questions to be answered, there
168 are steps we can take right now to improve vehicle safety.
169 Many of those are included in H.R. 8--1181, the Vehicle
170 Safety Improvement Act, legislation that I introduced earlier
171 this year, along with my colleague, and several others, Frank

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

172 Pallone, the Ranking Democrat on the full Committee. And I
173 am hopeful that my colleagues on both sides of the aisle will
174 join me in this bill. 2014 was the year of the recall.
175 Almost half of all cars on our roads were recalled. GM,
176 Honda, and other major auto companies failed their customers,
177 and lives were lost as a result. The Vehicle Safety
178 Improvement Act takes valuable lessons from those recalls,
179 and addresses existing weaknesses and information sharing,
180 oversight, and accountability regarding auto safety.

181 The legislation includes several provisions that would
182 have benefitted consumers whose cars have those faulty
183 airbags. One, the bill would double NHTSA's funding for
184 vehicle safety programs, a priority that has been severely
185 underfunded by this Congress. Two, H.R. 1181 would increase
186 the quantity and quality of information shared by auto
187 manufacturers not only with NHTSA, but with the public, and
188 with Congress. Had more information about Takata airbag
189 ruptures been cataloged and diagnosed earlier, I believe
190 lives could have been saved. Three, the bill would require
191 manufacturers to fix all recalled vehicles free of charge,
192 rather than just those that were purchased within the past 10

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

193 years. And Takata has indicated that age of airbags is a
194 contributing factor to ruptures, and many of the vehicles
195 with defective Takata airbags are more than 10 years old.
196 They should clearly be subject to mandatory fixes.

197 Under the legislation, NHTSA would also have new
198 imminent hazard authority to expedite recalls related to
199 dangers defects. It would eliminate the regional recall
200 program, ensuring that all cars subject to a recall are
201 repaired, regardless of their location. Both of those
202 changes would have improved the speed, scope, and efficacy of
203 the Takata recall.

204 The ongoing investigation into Takata airbag ruptures
205 may identify additional policies that would limit the risk of
206 similar recall during--in the future. If it does, we should
207 enact them as soon as possible. In the meantime, we can't
208 afford to wait to act on legislation that we know would save
209 lives. It is not just Committee Democrats who want action.
210 A who is who of leading consumer and auto safety
211 organizations support H.R. 1181, and I really implore my
212 Republican colleagues to join me in this legislation. I ask
213 unanimous consent that this advocate's letter be added to the

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

214 record.

215 Mr. {Burgess.} Without objection, so ordered.

216 [The information follows:]

217 ***** COMMITTEE INSERT *****

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

|

218 Ms. {Schakowsky.} And I am eager to hear answers from
219 our witnesses about what led to this massive failure, how to
220 prevent another one in the future. And in the meantime, we
221 can't delay common sense safety improvements that will save
222 lives. I urge the Committee to advance the Vehicle Safety
223 Improvement Act without delay, and I yield back.

224 [The prepared statement of Ms. Schakowsky follows:]

225 ***** COMMITTEE INSERT *****

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

|

226 Mr. {Burgess.} Gentlelady yields back. The Chair
227 thanks the gentlelady. The Chair recognizes the gentleman
228 from Michigan. 5 minutes for an opening statement, please.
229 The {Chairman.} Thank you, Mr. Chairman. An airbag is
230 a safety measure that you hope that you never have to use.
231 And if you do need it, you need to have it work exactly
232 right. And yes, I had my own incident, going back for the
233 Memorial Day break in Michigan less than 2 weeks ago. It was
234 dark, it was at night, there wasn't much of a moon, and I was
235 driving at 70 miles an hour when I hit not one deer, but two.
236 I was lucky. The seat belt worked, airbag deployed, just as
237 they were designed. It was a scary moment for anyone, and I
238 remember thinking, you know, I am lucky I didn't have a
239 defective Takata airbag at the time. And then I thought, the
240 safety of your airbag can't be just a game of luck. Being
241 from the auto state, which includes Takata's headquarters in
242 Auburn Hills, Michiganders understand better than most just
243 how complicated cars are, and how much goes into each and
244 every part. Cars are certainly safer today than ever before.
245 As miles driven, and as the age of the car goes up, deaths

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

246 and injuries have gone down.

247 What concerns me today, though, are the multi-year
248 safety investigations where we can identify a problem, but a
249 solution is nowhere in sight, where the preferred approaches
250 are Band-Aids, instead of an effective cure. In these Takata
251 airbags, we have a problem. It has persisted for years. And
252 again we have NHTSA opening up an initial investigation, and
253 closing it, before revisiting it years later. The technology
254 truly is rocket science, but you don't need to be a rocket
255 scientist to see that more needs to be done, and it should
256 have been done a lot quicker. When lives are put in
257 jeopardy, delay is deadly. There wasn't much doubt at our
258 December hearing last year that the airbags were defective,
259 but it still took 6 months to say so.

260 Dr. Rosekind was not the administrator when we held our
261 last hearing in December, and there has been some--certainly
262 some positive movement of late. Now Takata is changing its
263 formulation of propellant in the replacement on the driver's
264 side, either because someone else is making it, or because
265 they were using improved formulations of their own. But this
266 isn't the case on the passenger side. Instead, they continue

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

267 to try to perfect an innumerable set of manufacturing
268 variables which, for 10 years or more, have resisted
269 perfection. So we trust that this time the moisture won't
270 get in, and everything else will be just perfect.

271 Once we have safe replacements, we need people to
272 actually be able to replace them. Recall rates of 15 to 30
273 percent are unacceptable. We have to understand what the
274 plan is from NHTSA and the automakers. NHTSA will be--for
275 the first time act as a central coordinator. Such a move
276 seems warranted, if not overdue, but we need to clearly
277 understand the plan so that it can be relayed to the public.
278 The messaging around these airbag recalls has been tortured,
279 at best. We need more information, clear information from
280 consumers. I am concerned that NHTSA and Takata decided to
281 release head turning, headline grabbing recall numbers at a
282 time when the information is not yet actionable for
283 consumers. Drivers read about the recall, biggest one in
284 history, but could not look up if their own car was part of
285 the recall, including mine, a week or two after my incident.
286 How does that help safety? Surely a better way exists.

287 At a time when this Committee should be focusing on how

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

288 to update NHTSA, how to incentivize the rollout of better
289 safety technologies, and how to improve recall take rates, we
290 are instead forced to understand why safety, our very highest
291 priority, seems relegated to the back lot. Testing is
292 overdue. Change is overdue. Safe replacement parts are
293 overdue. Six months ago I asked the question, what should I
294 say to the mom in Michigan who asked me if she and her family
295 are safe behind the wheel? Six months later I,
296 unfortunately, have to ask the same question. We will have
297 as many hearings as needed, and require as much reporting to
298 this Committee as needed, to ensure that this problem is
299 finally resolved, restoring the safety of our Nation's
300 roadways and trust of the American people. And I yield back
301 the balance of my time to Mr. Lance.

302 [The prepared statement of Chairman Upton follows:]

303 ***** COMMITTEE INSERT *****

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

|

304 Mr. {Lance.} Thank you, Chairman Upton, and
305 distinguished members of the Committee. I telephoned my car
306 dealer last week. I have a 2004 Honda Accord. I did not
307 indicate my title. I just telephoned as a regular and
308 ordinary citizen, and I was told that I will need a new
309 airbag. It seems to me that one of the main purposes of this
310 hearing is to make sure that Mr. and Mrs. John Q. Public are
311 aware of the recall, are able to be informed quickly as to
312 whether their automobile is affected, one of 34 million
313 inflators recalled, and be confident that the replacement is
314 safe.

315 During the Subcommittee's 6 months ago, Takata's witness
316 indicated extreme reluctance to cooperate with NHTSA's
317 requests for an expanded recall, and I characterized the
318 testimony at that time as tendentious. I am extremely
319 dissatisfied with the company's obstinate attitude during a
320 majority of this process, and I hope that its recent change
321 of heart will be sincere. It occurs, of course, after being
322 fined \$14,000 a day. I look forward to discussing this with
323 the distinguished person now in charge, Mr. Rosekind. And,

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

324 Mr. Chairman, I hope that this will be a hearing of great
325 substance for the American people.

326 [The prepared statement of Mr. Lance follows:]

327 ***** COMMITTEE INSERT *****

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

|

328 Mr. {Burgess.} Chair thanks the gentleman, gentleman
329 yields back. Chair recognizes the Ranking Member of the full
330 Committee, Mr. Pallone, 5 minutes for an opening statement,
331 please.

332 Mr. {Pallone.} Thank you, Mr. Chairman. Though it has
333 taken months, I am glad that Takata finally admitted that its
334 airbags are defective, and finally moved forward with
335 national recalls. Getting dangerous cars off the road is
336 crucial. Airbags are supposed to save lives, and not take
337 lives.

338 But these national recalls came after a full year in
339 which we have seen a rather sloppy rollout of recalls of
340 these exploding airbags. Each automaker seems to have
341 handled the recalls differently. Some automakers conducted
342 regional safety improvement campaigns in high absolute--
343 areas. At the same time, others conducted regional recalls
344 in the same areas. Some automakers expanded their recalls to
345 more states. Some eventually conducted national recalls of
346 certain cars. One automaker advised against passengers using
347 front seats until the airbags are fixed, even offering to

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

348 disable passenger airbags as a precaution.

349 All of this has led to considerable confusion for the
350 public. Drivers are unsure if their cars are part of the
351 recall. Those who have already had their airbag replaced do
352 not know if they need to have it replaced again. But most
353 importantly, people do not know if their cars are safe to
354 drive. This is the second hearing this Subcommittee has held
355 on the Takata airbag recalls, and our first hearing was 6
356 months ago, and yet in that time we are still left with many
357 of the same questions. We still do not know the root cause
358 of the Takata airbag defects. We certainly know enough to
359 take action, however. And while I appreciate and share the
360 majority's concerns about this Takata crisis, I am
361 disappointed by its lack of action. Auto safety is not a
362 partisan issue. However, even after the GM ignition switch
363 issues, the Takata airbag ruptures, and even going back to
364 the Toyota sudden acceleration problems, this Committee has
365 failed to take appropriate legislative action.

366 Earlier this year the--Subcommittee Ranking Member
367 Schakowsky and I, and of course she mentioned it, with a
368 number of other members of the Subcommittee introduced the

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

369 Vehicle Safety Improvement Act of 2015. Many provisions in
370 our bill would address problems that occurred in the Takata
371 airbag and the GM ignition switch recalls. I mentioned to
372 Congresswoman Schakowsky that my car--I had a Chevy Impala, I
373 think it was a 2008, I still have it--was, you know, subject
374 to the ignition switch issue. And, you know, I received a
375 notice in the mail, but there was still some confusion, even
376 on my part, as to what this was all about. I was told that
377 until I actually had the opportunity to go to the Chevy
378 dealer that I should separate the two parts of the key from
379 the keychain, or whatever this thing is called. And, you
380 know, I continued to do that, even after the--even after they
381 soldered and fixed the key. And, of course, I had to look up
382 and see if my VIN number was one of the Impalas that had to
383 be recalled. But even in my mind, there is a lot of
384 confusion about, you know, what was being accomplished.

385 And I think that is why we need legislation. The
386 National Highway Transportation Safety Administration, or
387 NHTSA, has received much of the blame in both the GM recall
388 and this Takata recall, but it is clear that NHTSA simply
389 does not have the resources and authorities it needs to

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

390 protect drivers and passengers, and to hold automakers and
391 automobile parts suppliers accountable for safety defects.
392 Our bill provides more resources and tools to NHTSA,
393 increasing fines for manufacturers that violate vehicle
394 safety laws. Also, in both cases, automakers and parts
395 suppliers failed to timely produce critical information that
396 may have helped NHTSA identify problems earlier. The bill
397 improves the early warning reporting system by making more
398 reported information public, and requiring manufacturers
399 provide significantly more information about any fatal
400 accident involving a safety defect.

401 So, Chairman Burgess and Chairman Upton, I appreciate
402 your interest and, you know, what you have said today, in
403 terms of continued oversight of these recalls, but I think
404 that we need to begin our legislative work, and not just talk
405 about more investigations. I hope that we can work together
406 to move forward with a bill to keep our citizens safe on the
407 roads. I yield back.

408 [The prepared statement of Mr. Pallone follows:]

409 ***** COMMITTEE INSERT *****

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

|

410 Mr. {Burgess.} Chair thanks the gentleman, gentleman
411 yields back. That concludes member opening statements.
412 Chair would remind members that, pursuant to Committee rules,
413 all members' opening statements will be made part of the
414 record.

415 We do want to thank all of our witnesses for being here
416 today, taking the time to testify before the Subcommittee.
417 Today's hearing will consist of two panels. Each panel of
418 witnesses will have an opportunity to give an opening
419 statement, followed by a round of questions from members.
420 Once we conclude with the questions on the first panel, we
421 will take a very brief recess to set up for the second panel.

422 Our first panel today will consist of a single witness,
423 Administrator Mark Rosekind of the National Highway Traffic
424 Safety Administration. Dr. Rosekind, we appreciate you being
425 here today, and you are now recognized for 5 minutes to
426 summarize your opening statement.

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

|

427 ^STATEMENT OF MARK R. ROSEKIND, PH.D., ADMINISTRATOR,
428 NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION

429 } Mr. {Rosekind.} Chairman Burgess, Ranking Member
430 Schakowsky, and members of the Subcommittee, thank you for
431 the opportunity to provide an update on NHTSA's efforts to
432 address defective Takata airbags. There is a more detailed
433 explanation of our efforts in my prepared statement, but let
434 me summarize what NHTSA has done, and what we are doing. All
435 of NHTSA's actions are focused on achieving one main goal,
436 the only acceptable goal, a safe airbag in every American
437 vehicle.

438 On May 19 Secretary Fox of NHTSA announced that Takata
439 had filed four defect information reports with the agency,
440 covering an estimated 33.8 million defective airbag inflators
441 that Takata had shipped to automakers. Takata, as an
442 original equipment supplier, does not know into which
443 vehicles those inflators were installed. Prior to the
444 filing, automakers had recalled a total of 18.5 million
445 vehicles. All of the May 19 filed defect reports involved

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

446 recalls that are national in scope.

447 Since May 19, 11 auto manufacturers have been scouring
448 their own records to determine which vehicles are affected.
449 To date, automakers have filed additional recalls, bringing
450 the total to an estimated 30.4 million vehicles. During that
451 May 19 announcement, NHTSA made clear the consumers might
452 have to wait to determine if their vehicles were covered by
453 the expanded recall while automakers made their own recall
454 filings. As you know, Takata's defect filings were a
455 necessary first step before the automakers would initiation
456 their own filings. The automakers' filings contained the
457 detailed make and model information and Vehicle
458 Identification Number, or VIN numbers, that allow individual
459 vehicle owners to determine if they are affected by this
460 recall. Obviously this delay is frustrating, and if there is
461 any way to avoid that anxiety, it would have been done.

462 In NHTSA's public communications philosophy, and like
463 all of our other interactions, we followed a very simple
464 philosophy, to make information available to consumers as
465 quickly as possible. To that end, NHTSA has established a
466 microsite called Recalls Spotlight. It is located at

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

467 safercar.gov, and includes key consumer information on recall
468 issues of high public interest. It includes continuously
469 updated information on the Takata recalls. On May 19 and 20,
470 after the DOT NHTSA announcement, more than 1.5 million
471 people conducted VIN lookup searches on safercar.gov,
472 including nearly one million on May 20. On May 19, Secretary
473 Fox also announced a Consent Order with Takata that gives
474 NHTSA oversight into the company's testing, requires its full
475 cooperation with our investigation, and, importantly, gives
476 us the ability to fully evaluate the adequacy of proposed
477 remedies.

478 It was also announced that NHTSA has launched an
479 administrative process, a coordinated remedy program, to
480 prioritize and coordinate the actions of Takata and the
481 manufacturers. NHTSA is using this authority provided under
482 the Safety Act, and by Congress in the Tread Act, for the
483 very first time. We need to acknowledge Congressman Upton
484 for driving that vision, and working with others to provide a
485 mechanism to address the challenges and circumstances that
486 are now faced in this recall.

487 Many Americans have asked whether we can trust remedy

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

488 inflators any more than the defective inflators. NHTSA's
489 Consent Order with Takata, the coordinated remedy program,
490 and NHTSA's own testing, are all essential actions designed
491 to provide full and final answers to that critical question.
492 NHTSA will continue pursuing answers until the American
493 people can have a safe airbag in every vehicle.

494 There continues to be great interest in establishing the
495 root cause of these defects. While some factors appear to
496 have a role, such as time and absolute humidity, the full
497 story is not yet known, and a definitive root cause has not
498 been identified. In my recent experience as an NTSB Board
499 member, and a veteran of many major transportation
500 investigations, it may be that there is no single root cause,
501 or the root cause may never be known. Secretary Fox
502 addressed this directly on May 19, clearly stating that
503 uncertainty cannot stop NHTSA from acting to protect safety.
504 In areas of uncertainty, NHTSA must act, focused firmly on
505 our safety mission.

506 Lastly, whatever the final numbers turn out to be, this
507 may be the largest, most complicated consumer safety recall
508 in our Nation's history. Fixing this problem is a monumental

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

509 task. It will require tremendous effort from the auto
510 industry. It will also require tremendous effort from NHTSA.
511 And yet the agency must manage this enormous and necessary
512 task with too few people, and insufficient funding. The same
513 people managing the Takata recall must also continue to
514 analyze thousands of consumer complaints, investigate scores
515 of other potential defects, and oversee more than 1,200 other
516 recall campaigns that automakers and equipment manufacturers
517 now have underway. NHTSA must accomplish this task with a
518 defects investigation budget that, when adjusted for
519 inflation, is actually 23 percent lower than its budget 10
520 years ago.

521 NHTSA needs your help to protect the safety of Americans
522 on our country's roads. The President has submitted a budget
523 request that would fund significant improvements in NHTSA's
524 defect investigation efforts, providing the people and
525 technology needed to keep Americans safe. The Administration
526 has proposed the Grow America Act, which would provide
527 stable, increased funding for our agency, and important
528 safety authorities to help us in our mission. As proposed,
529 the Grow America Act, and in a recently introduced bill, if

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

530 imminent hazard authority had been available to NHTSA, this
531 hearing would have a very different focus. At NHTSA we
532 address safety risks every day.

533 I urge the members of the Subcommittee and your
534 colleagues in Congress to help NHTSA address these safety
535 risks and keep the traveling public safe on America's
536 roadways. Thank you.

537 [The prepared statement of Mr. Rosekind follows:]

538 ***** INSERT A *****

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

|

539 Mr. {Burgess.} Chair thanks the gentleman. We will
540 move into the question and answer portion of the hearing. I
541 start by recognizing myself 5 minutes for questions.

542 And, Mr. Administrator, again, thank you very much for
543 being here. Thank you for making yourself available to me
544 both in person, on the telephone, as you have worked your way
545 through this process. Just so that people are clear, the VIN
546 number that we keep talking about, the Vehicle Identification
547 Number, people could access that number at the lower left
548 hand of their windshield or inside the driver's door?

549 Mr. {Rosekind.} I hope they are paying attention to
550 you. They can find that VIN in that location, and go to
551 safercar.gov to see if their vehicle is in the recall.

552 Mr. {Burgess.} And that is the website, safercar.gov.
553 Now, if someone checked their VIN number and got the all
554 clear on May 1, do they need to do anything further, or are
555 they good to go?

556 Mr. {Rosekind.} We suggest people check that on a
557 weekly basis.

558 Mr. {Burgess.} You issued the initial recall in the

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

559 middle part of May. How quickly can people assume that you
560 are getting the uploaded information into your website so
561 that, if they check the website, they can be confident that
562 the information they get is current?

563 Mr. {Rosekind.} So--thank you for that question,
564 because clarity for consumers is critical here, and Takata
565 had to file their defect reports before the auto
566 manufacturers could put together their information. And what
567 is clear is we can't just get numbers. They have to be
568 accurate. So they have to do their due diligence, and then
569 we have to do ours. At this point, we have--seven out of the
570 11 manufacturers have provided the information, which are now
571 covering up to 30.4 million vehicles, but weekly people
572 should be checking.

573 Mr. {Burgess.} So, let me just ask you this, is there
574 anything else that you can do, or we can do, to make certain
575 that this process is clearly and effectively communicated to
576 the driving public?

577 Mr. {Rosekind.} I think you just did part of it, and we
578 are trying to do the same thing, which is give people
579 safercar.gov, and helping them on a weekly basis go. I do

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

580 have to acknowledge the auto manufacturers have stepped up
581 and really provided an accelerated production of those
582 numbers, which we are checking, so they are getting up there
583 very quickly.

584 Mr. {Burgess.} Okay, but then that brings up the other
585 point, the--their ability to access the remedy inflators.
586 Where do we stand with that, the production and distribution
587 of those remedy inflators? Where are you?

588 Mr. {Rosekind.} Again, very important for people to
589 understand the whole process. And I won't give the whole
590 list now, but part of what we are--this whole hearing is
591 really addressing is, before May 19, there was denial of a
592 defect. There was mostly a focus on root cause. There was
593 concern about the supply chain, whether the remedy even
594 worked or not. So that all changed on May 19.

595 Mr. {Burgess.} Well, let me stop you there. We are no
596 longer concerned if the remedy works?

597 Mr. {Rosekind.} I am sorry?

598 Mr. {Burgess.} We are no longer concerned if the remedy
599 works?

600 Mr. {Rosekind.} We absolutely are, and that is what I

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

601 am saying. On May 19 the focus changed. There has been
602 acknowledgement by Takata that there is a recall, and they
603 are all national. The second is a Consent Order with NHTSA,
604 which allows us to be directly involved in oversight for
605 testing to make sure that the remedy is going to be adequate
606 or not. And then the third part of that is a coordinated
607 remedy program, which goes to your question, and that is now
608 NHTSA is in the driver's seat, and we will coordinate and
609 prioritize to make sure that the supplies are available, and
610 that they get out there as quickly as possible.

611 Mr. {Burgess.} But just so people are clear, to cut
612 through any of the talk surrounding this, are the replacement
613 devices safe? Not safer, but safe, unequivocally safe.

614 Mr. {Rosekind.} And thank you, because, again, that is
615 a very important, confusing point. People need to look up
616 their VIN number now, and if they have a recall to go get a
617 replacement inflator, they need to do that. And we have got
618 to point out, there are millions of airbags that are out
619 there every day protecting people, including millions by
620 Takata, that are functioning properly. We are trying to get
621 the defective ones off.

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

622 And so, yes, they need to go get it fixed. What we will
623 do is identify if there is an interim remedy, because you are
624 correct, some of these may not have the longevity that is
625 needed to make sure that it is a lifelong, for the entire
626 life of the vehicle, fix.

627 Mr. {Burgess.} So, you know, what am I supposed to do?
628 One of my kids calls me and says, hey, I got a bad VIN
629 number, but good news, they have got a replacement, and I am
630 going to get it fixed. Am I okay with that? Am I okay
631 letting my child drive that car?

632 Mr. {Rosekind.} And your dealer should be able to tell
633 you whether they have a fix that is long term, or they have
634 an interim remedy. And the bad news is, if there is an
635 interim remedy, you should get a call back from the dealer
636 when it is time to get that fixed for the long term.

637 Mr. {Burgess.} Okay. So even someone who gets it fixed
638 may not really have it fixed?

639 Mr. {Rosekind.} And the dealer better make that clear.

640 Mr. {Burgess.} I just want to ask you one thing
641 quickly. I was being interviewed on a national business show
642 the other--or last week, and they pointed out to me that in

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

643 New York, I guess is where the show originated, that they
644 called dealers around the town, and they said they were
645 laughed at when they said, can we bring our vehicle in to get
646 our airbag changed, that they did not have a supply.

647 So I did the next logical thing, and called my local guy
648 who does all things cars back in the district, and he
649 actually provided me some--what I think is some--this was
650 recent information. Number one, no one is reporting any
651 panicked or irate customers as a result of the recall. I do
652 remember a few months ago some dealers were complaining about
653 mad customers. I am going to assume this was when there was
654 no process in place. And only one dealer had a real volume
655 for replacements. Another one had maybe 1,000 that needed to
656 be replaced, but no one was bringing their vehicles in. And
657 that is, and will continue to be, a problem, that people
658 aren't recognizing that their vehicle needs to be fixed.

659 My time is expired. I will recognize the gentlelady
660 from Illinois. 5 minutes for your questions, please.

661 Ms. {Schakowsky.} I think it is really important, what
662 you said earlier, not all of the VIN numbers are up yet, is
663 that true, so that people need to be checking. They may be

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

664 driving a--with a Takata airbag that will, and their vehicle
665 may be recalled, but it is not up online right now, right?

666 Mr. {Rosekind.} That is correct.

667 Ms. {Schakowsky.} Okay. So--

668 Mr. {Rosekind.} We have seven out of the 11
669 manufacturers--

670 Ms. {Schakowsky.} Okay. So people should not
671 necessarily feel secure, but they should just keep checking.
672 I wanted to talk about one of the authorities that would be
673 in the Vehicle Safety Improvement Act, and that would be to
674 give NHTSA more authority itself for recalls. The first
675 known Takata airbag inflator rupture occurred in 2004, May
676 2004. That was 11 years ago. And months after NHTSA called
677 for national recalls, which was last November, Takata has
678 finally relented, because it is still within their authority
679 to do that. NHTSA currently has no authority to take
680 emergency action, even in cases where defects are known, and
681 there is strong and immediate risk of serious injury or
682 death.

683 So, Dr. Rosekind, in November of last year NHTSA called
684 for this national recall of certain vehicles with defective

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

685 driver's side airbags. Takata had refused to conduct the
686 national recall. I know you weren't there at the time, but
687 if NHTSA had had the authority to mandate emergency recalls,
688 do you think the agency--or let me put it this way. Would
689 you have used it, with regard to Takata?

690 Mr. {Rosekind.} And thank you for the rephrasing.
691 Starting at my confirmation hearing, I made it clear NHTSA
692 will use every tool available. If imminent hazard authority
693 had been available, we would have used it.

694 Ms. {Schakowsky.} Thank you. The--as I said, the--this
695 legislation does allow for imminent hazard authority to
696 recall, and NHTSA has testified before the Subcommittee in
697 the past, asking for that authority, so I guess you have
698 already stated, you agree with the need for that authority?

699 Mr. {Rosekind.} Absolutely.

700 Ms. {Schakowsky.} And would it have been beneficial to
701 NHTSA in carrying out its mission to reduce deaths, injuries,
702 and economic losses resulting from motor vehicle crashes?

703 Mr. {Rosekind.} Absolutely. And just to highlight,
704 what you are focused on, as an imminent hazard, would have
705 allowed us to get these airbags off the road. And there are

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

706 still procedures to make sure everything is done
707 transparently, officially, but we wouldn't have been waiting.
708 There could have been lives saved, and people--injuries
709 prevented with imminent hazard authority.

710 Ms. {Schakowsky.} There are a number of other
711 provisions in the Vehicle Safety Improvement Act. It would
712 double the funding for NHTSA. So, first, let me have you
713 comment on that, in terms of the resources that you have to
714 do the job that needs to be done, and--but I think Americans
715 all expect is being done.

716 Mr. {Rosekind.} At my confirmation hearing in December
717 I highlighted people, technology, and authorities, that we
718 needed to look at those. I got to NHTSA and found out it was
719 more under-resourced than I had ever imagined from the
720 outside. And since I have been there, we have done
721 everything we are--we can, and will be doing with what we
722 have available to us.

723 I could give you a list of 29 different things that have
724 already gone on, process improvements, et cetera. At some
725 point you need people and authority to get the job done, and
726 that is a concern. I highlighted, even in December, there

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

727 are eight people looking at 80,000 complaints coming in, and
728 there are now eight people in the recall group that have to
729 do with this recall, 34 million vehicles, and the other 1,200
730 campaigns that are going on at the same time.

731 Ms. {Schakowsky.} I think it actually would be helpful
732 to this Committee that, if you had additional resources, to
733 tell us exactly how that would be used, and how then it would
734 impact consumer safety. So I would appreciate seeing that.

735 Mr. {Rosekind.} And I would be happy to do that,
736 because, in fact, in the President's 2016 proposal, we have
737 identified what--our request for enhanced funding. So we
738 could actually talk about a trend analysis division, a
739 special investigation division for defects. We can provide
740 that to you.

741 Ms. {Schakowsky.} I would appreciate it. The
742 legislation that some of us are co-sponsoring, it would
743 increase civil penalties, it would limit--eliminate most
744 statutory maximum penalties to make sure that bad actors have
745 every incentive to get unsafe vehicles off the road. It
746 would also make sure that--it would eliminate what I think is
747 really the farce of regional recalls. Wonder if you could

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

748 comment on those provisions.

749 Mr. {Rosekind.} Sure. Just as far as the cap goes,
750 Grow America goes to 300 million, yours has no cap. Clearly
751 the message there is that \$35 million is not enough to really
752 get an effect, so anything that gets us to 300 million or
753 beyond would be great. And I think, as far as regional
754 recalls, my perspective is that everything is national.

755 Ms. {Schakowsky.} Good. Thank you. I yield back.

756 Mr. {Burgess.} Gentlelady yields back. Gentlelady's
757 time is expired. Chair recognizes the Chairman of the full
758 Committee, Mr. Upton. 5 minutes for questions, please.

759 The {Chairman.} Thank you, Mr. Chairman. And, again,
760 we welcome your appearance before us, and wish you all the
761 best. I want you to know that I have made an inquiry--I
762 don't know what the Appropriation Committee did with regard
763 to the NHTSA budget, but I am--I will find out soon.

764 Prior to the May 19 announcement, what efforts did you
765 do to coordinate with the auto manufacturers so that they
766 could identify the VIN numbers impacted by the recall?

767 Mr. {Rosekind.} And before I go specifically to that,
768 let me just say there were a lot of actions and inactions

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

769 before May 19, so it has already been raised here that Takata
770 was pressured to go for a national recall, denied any defect.
771 We do have to acknowledge--

772 The {Chairman.} We saw that in December back here too,
773 before you were on board.

774 Mr. {Rosekind.} That is exactly--and the auto
775 manufacturers stepped up to actually take on those recall
776 service campaigns and other things, even though Takata was
777 denying. So there was some action before that.

778 The {Chairman.} So just to use my own little personal
779 experience, I don't do this very often, but with my incident
780 coming back for the--to Michigan for the Memorial Day break,
781 so I did plug in to safercars.com with my VIN number, and I
782 am not sure that we still can determine today it was a Ford
783 Explorer, '06, and I can't really tell today even if it was a
784 Takata airbag, or TRW, or whoever it was. The information
785 was not readily available when I got online last week.

786 Mr. {Rosekind.} And that is why the information that is
787 coming back at safercar.gov is really just called to get
788 recalled or not. It won't give you the specific--

789 The {Chairman.} Yeah, it didn't have it on the recall

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

790 list.

791 Mr. {Rosekind.} Yeah, which means you would be clear if
792 it wasn't there as a recall.

793 The {Chairman.} Although I am supposed to be checking
794 every week, is what you are saying?

795 Mr. {Rosekind.} On a weekly basis. Which, by the way,
796 is a good thing to do anyway because of the number of recalls
797 that are coming out, is just to check that on a regular
798 basis. Airbags aside, that is a good source to have
799 bookmarked for you to go back.

800 The {Chairman.} So the auto manufacturers really did
801 step up, then, is what you are saying?

802 Mr. {Rosekind.} And--

803 The {Chairman.} All of them?

804 Mr. {Rosekind.} And that was to--again, previously,
805 when Takata denied, the manufacturers stepped up to look at
806 recalls and what they could do. To your question
807 specifically, we had contact with them the day before to let
808 them know something was coming related to the defect so they
809 would have a heads up, and since then have been in contact
810 with them about the coordination that is coming forward.

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

811 The {Chairman.} So you and I talked in advance of the
812 announcement. And what is the timetable--what is the goal,
813 the timetable, for completely resolving the issue? Being
814 able to identify which vehicles have these defective airbags,
815 getting them replaced, making sure that the owners are there.
816 What is your hopeful timeframe for this to be resolved, and
817 we can move to the next issue?

818 Mr. {Rosekind.} At this point, I believe if anybody
819 gave you a number, they don't know what they are talking
820 about. Here is our plan to get there, and that is--we have
821 already initiated contact and had meetings with both the auto
822 manufacturers and suppliers, other meetings bringing all of
823 them together. That will create a plan that will look at the
824 effectiveness of the remedy, the supply, and try--and
825 basically getting to 100 percent recall. We hope to have a
826 public hearing by the fall that will lay all of that out, all
827 three of those elements.

828 The {Chairman.} What steps have you taken to, you know,
829 has NHTSA taken to ensure that the propellant safety and
830 evaluation for the integrity of the studies and testing being
831 submitted to NHTSA by various parties? That seems to be a

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

832 real element here.

833 Mr. {Rosekind.} Yes. And, again, thank you for
834 highlighting that, because part of the Consent Order actually
835 allows NHTSA to directly focus the testing, so we can make
836 sure that goes to both the adequacy of the remedy, as well as
837 for root cause. So now we have some direct oversight and
838 involvement with that. Before we were just on the receiving
839 end. Now we can actually direct. And, as you know,
840 everybody was focused on root cause, which is still not
841 determined, nobody focusing on the remedy.

842 The {Chairman.} So when someone has one of these
843 defective airbags, they have to replace the whole thing?
844 They can't replace just the propellant, is that right? They
845 have got to take the whole thing out, and put a whole new
846 device in with a different propellant, is that right?

847 Mr. {Rosekind.} That is correct.

848 The {Chairman.} Okay. Thank you. Thank you very much
849 for being here. Yield back.

850 Mr. {Burgess.} Chair thanks the gentleman. Chair
851 recognizes the Ranking Member of the full Committee, Mr.
852 Pallone. 5 minutes for questions, please.

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

853 Mr. {Pallone.} Thank you, Mr. Chairman. On February 20
854 of this year NHTSA sent a letter to Takata, informing the
855 company that its failure to cooperate with NHTSA's
856 investigation of the airbag defect, as well as Takata's prior
857 knowledge of the defect, would result in fines of \$14,000 per
858 day for each day Takata failed to cooperate. By the time
859 those fines were suspended under the Consent Order last
860 month, Takata had been fined about \$1.2 million. So, Doctor,
861 how much of the 1.2 million that Takata owes in fines has the
862 company paid to NHTSA?

863 Mr. {Rosekind.} Basically, with the Consent Order, we
864 made sure that the investigation continues, as well as the
865 potential for future penalties. And so, at this point,
866 nothing has been collected because we are looking at an open
867 investigation with potentially future penalties to be
868 collected.

869 Mr. {Pallone.} So when do you expect that the penalties
870 will actually be paid to the agency?

871 Mr. {Rosekind.} That could be at any time. And part of
872 that I think will come as the investigation continues. We
873 are focused right now on the safety element of it. As it

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

874 unfolds there may be need for, again, further penalties, and
875 I am sure that would be part of the package that would be--

876 Mr. {Pallone.} I was going to ask you about further
877 penalties, but you obviously think you do--there is a
878 possibility of additional civil penalties against Takata?

879 Mr. {Rosekind.} Yes.

880 Mr. {Pallone.} Okay. A Reuters article last week cited
881 a source within Takata, explaining that the daily fine was a
882 factor motivating Takata to agree to a national recall, but
883 it still took 3 months of daily fines to get Takata to agree.
884 Are financial incentives an effective means of ensuring
885 compliance amongst manufacturers, in your opinion?

886 Mr. {Rosekind.} No question. And I think from the
887 earlier question, going from 35 to 300 or no cap is critical.
888 If I can take just a moment, I would highlight that there was
889 the penalty, there was a preservation order, and, frankly,
890 NHTSA was working on a unilateral program to go after this
891 that we made sure was communicated to Takata as well.

892 Mr. {Pallone.} Do you believe that increasing the size
893 of the statutory penalties would have allowed NHTSA to put
894 more pressure on Takata and other automakers and, in turn, to

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

895 reach an agreement to conduct a national recall sooner?

896 Mr. {Rosekind.} No question.

897 Mr. {Pallone.} Okay. Last year GM was fined the
898 statutory maximum of \$35 million for its failed handling of
899 the ignition switch recall. Many regulators and advocates,
900 including Transportation Secretary Anthony Fox, asked
901 Congress to raise or eliminate those statutory maximums in
902 order to send a stronger message to bad actors. I mean, it
903 is impossible to put a price on the cost of a serious injury
904 of a loss of life. No financial penalty or compensation can
905 bring back a family member, but stronger financial incentives
906 can go a long way in deterring manufacturers from hiding
907 defects and not cooperating with Federal investigations.

908 So, you know, as I mentioned, Congresswoman Schakowsky
909 and others on the Committee have introduced the Vehicle
910 Safety Improvement Act, which would not only raise per
911 violation civil penalties, but also eliminate most statutory
912 maximum penalties. So do you believe strong financial
913 penalties would discourage automakers and parts suppliers
914 from hiding possible defects, or incentivize quicker action
915 from manufacturers?

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

916 Mr. {Rosekind.} Absolutely.

917 Mr. {Pallone.} All right. And, lastly, I wanted to ask
918 you, would increased fines make automakers more likely to
919 cooperate with NHTSA investigations?

920 Mr. {Rosekind.} Yes.

921 Mr. {Pallone.} All right. Thank you very much. Thank
922 you, Mr. Chairman.

923 Mr. {Burgess.} Chair thanks the gentleman, gentleman
924 yields back. Chair recognizes the gentlelady from Tennessee.
925 5 minutes for questions, please.

926 Mrs. {Blackburn.} Thank you, Mr. Chairman. And, Mr.
927 Rosekind, I thank you so much for taking your time and being
928 here. Let us go back to your November 18 second special
929 order to Takata, where they were to come to you with
930 information--further information about their propellant mix.
931 And what we would like to know is what you have been given,
932 what you know about that mix, what is the specific use of
933 that mix in the replacement parts, or the remedy parts, as
934 you call them, and in new vehicles?

935 Mr. {Rosekind.} And I can provide as much technical
936 information as you would like. What you have identified is

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

937 one of the special orders that actually triggered the daily
938 penalties that started, because we basically had 2.4 million
939 documents dumped on us with all of that information, and
940 tried to understand where the meaningful pieces were. So we
941 have some of the meaningful pieces now identified, and we can
942 certainly bring you as much technical information that was
943 provided.

944 Mrs. {Blackburn.} Are you satisfied with the
945 information that Takata has provided to you on their
946 propellant mix?

947 Mr. {Rosekind.} We are still--we are working our way
948 through that information. They have been open about--

949 Mrs. {Blackburn.} Okay.

950 Mr. {Rosekind.} --providing us testing data--

951 Mrs. {Blackburn.} Okay.

952 Mr. {Rosekind.} --but the information that you are
953 asking about was millions and millions of pages that have
954 grown to about 2.4, so we are still making our way through
955 that.

956 Mrs. {Blackburn.} Okay. Are they being forthcoming in
957 bringing clarity to that? We want to know what the mix is,

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

958 the propellant mix is. So are they satisfying the questions
959 that will--that consumers will have when they want to know--
960 this component that is in their vehicle that is to make the
961 vehicle safe now explodes, it causes injury, and the question
962 is, have they arrived at something that is going to make
963 certain that indeed it is safe?

964 Mr. {Rosekind.} And I would say they will now. That us
965 part of the consent--

966 Mrs. {Blackburn.} Okay.

967 Mr. {Rosekind.} --order, that they are required to
968 provide that information.

969 Mrs. {Blackburn.} So you are satisfied? I think if you
970 could just have someone from your team provide a summary so
971 that we will have that for the record, that would be helpful
972 to us for future hearings and for legislation.

973 Also, let me go to the point that was made--back to that
974 December hearing we had, that ammonium nitrate was used as a
975 propellant in the 1990s. And--so what we would like to know,
976 have you all found any evidence of ruptures from the--that
977 occurred in the '90s? And, if not, does NHTSA have any
978 insight into why not?

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

979 Mr. {Rosekind.} And that is a good question. Again, I
980 will go back and make sure that that is part of the
981 information that we provide you. What is really important
982 about the Consent Order is we now get to be in the driver's
983 seat to direct this kind of testing. We will be looking at
984 it both historically, and see how that informs what we need
985 to do now.

986 Mrs. {Blackburn.} Okay. We would love to have that as
987 a follow on, if you will, as to what occurred in the '90s,
988 and as you go back and do a revisit of the information that
989 you have, that would be helpful.

990 One last thing, you mentioned that the auto
991 manufacturers--and Chairman Upton mentioned that they had
992 been doing their part in meeting this. I want to know if you
993 are satisfied with how the dealers are being compensated for
994 this, if they are being made whole. Because if everyone is
995 taking their car in for the replacement, that is a lot of
996 loaner cars, that is a lot of man hours. So would you speak
997 to that?

998 Mr. {Rosekind.} Actually, I would suggest you ask that
999 of the individuals on the next panel, because we would be

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1000 focused on that only if it interfered with the recall.

1001 Mrs. {Blackburn.} Okay. We are going to ask the next
1002 panel that, but I wanted your insight also. And with that,
1003 Mr. Chairman, I yield back.

1004 Mr. {Burgess.} Chair thanks the gentlelady, gentlelady
1005 yields back. Chair recognize the gentleman from
1006 Massachusetts. 5 minutes for questions, please.

1007 Mr. {Kennedy of Massachusetts.} Thank you very much,
1008 Administrator. Great for--of you to be here, and I
1009 appreciate your service to the country, and your--willing to
1010 testify today. I want to touch base with you a little bit.
1011 You have heard some of my colleagues already mention the
1012 Vehicle Safety Improvement Act, and I want to touch on that,
1013 and particularly the need for safety upgrades for used cars.

1014 Used car sales in March and April of this year reached
1015 more than three million cars sold for each month, but
1016 purchasers of used cars now face major loopholes when it
1017 comes to auto safety. Most do not know it. The Vehicle
1018 Safety Improvement Act would take two concrete steps toward
1019 making our used car market safer. First, the bill would
1020 require the buyer's guide window form to include information

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1021 about a vehicle's history of damage and recall or repair
1022 history. Second, the bill would also prohibit dealers from
1023 selling or leasing used vehicles subject to a recall until
1024 the dealer has repaired the defects.

1025 So, Dr. Rosekind, I--concerned that consumers have an
1026 implicit perception that used cars are safe and free of
1027 defect, and that dealers have made all necessary repairs. Is
1028 that true, or what light can you shine on that problem?

1029 Mr. {Rosekind.} This is part of the Grow America
1030 proposal. It is part of what you are describing, and I guess
1031 I just--I can't imagine that you would sell a new car, used,
1032 leased, et cetera, if you knew there was a defect involved,
1033 not to have it fixed before you put it in somebody's hands.
1034 Just seems like we don't have the system working properly.

1035 Mr. {Kennedy of Massachusetts.} I would agree. So,
1036 Doctor, a purchaser of a used car can find some vehicle
1037 history information through the National Motor Vehicle Title
1038 Information System, but that information is available only if
1039 the purchaser knows where to find it, and pays a fee. So do
1040 you agree that purchasers of used cars can benefit from
1041 knowing that a used car they intend to purchase has been

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1042 previously junked, salvaged, or marked as a total loss?

1043 Mr. {Rosekind.} Any information that is going to help
1044 them determine the safety of that vehicle is going to be
1045 useful to that consumer, no question.

1046 Mr. {Kennedy of Massachusetts.} So the Vehicle Safety
1047 Improvement Act requires information from vehicle history
1048 report to be made available through the National Motor
1049 Vehicle Title Information System to be included in a buyer
1050 guide window form. Do you think that is a smart provision to
1051 go for?

1052 Mr. {Rosekind.} Every piece of safety information is
1053 going to be helpful.

1054 Mr. {Kennedy of Massachusetts.} Finally, sir, current
1055 dealers are prohibited from selling or leasing new vehicles
1056 subject to recall unless a dealer makes the necessary
1057 repairs, but the same regulation does not apply to used cars,
1058 which means that used cars may be sold or leased to consumers
1059 with unrepaired defects. The average recall completion rate
1060 for vehicles is about 75 percent, meaning that a full 25
1061 percent of all recalled cars are not being repaired. For
1062 that Takata airbag recall, the completion rate so far has

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1063 been much, much lower.

1064 In many of these cases the cars are not being repaired
1065 because the current owner of the vehicle doesn't know
1066 anything about the recall. So what efforts does--has NHTSA
1067 undertaken to increase the awareness of used car buyers and
1068 lessees about the potential safety defects, and what does
1069 NHTSA--or what obstacles does NHTSA face in getting this
1070 information out to consumers?

1071 Mr. {Rosekind.} I don't think there is any question
1072 this is a huge part of the whole system, and we have--
1073 Secretary Fox and I have really emphasized finding defects is
1074 great, but if you don't get them fixed, doesn't really
1075 matter. So we actually held, at the end of April, an event
1076 called Retooling Recalls, asking the industry for new ideas,
1077 and have set the standard as 100 percent target to get
1078 recalls done.

1079 Mr. {Kennedy of Massachusetts.} So do you agree, then,
1080 that the provision of the Vehicle Safety Improvement Act that
1081 prohibits the sale or lease of used cars until any defect has
1082 been remedied would help increase recall completion rates?

1083 Mr. {Rosekind.} Absolutely.

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1084 Mr. {Kennedy of Massachusetts.} And would it make
1085 drivers of used cars safer?

1086 Mr. {Rosekind.} Absolutely.

1087 Mr. {Kennedy of Massachusetts.} Are there other tools
1088 that would help improve the safety of those cars? What would
1089 they be?

1090 Mr. {Rosekind.} And I would say, from our even in
1091 April, there was a great list of possible things that could
1092 be done, and we are looking at all of them. But we had
1093 manufacturers come in and talk about some of their new
1094 strategies, and there were some new things that only one
1095 manufacturer is doing. We need to figure out what NHTSA
1096 could do to get those basically across the entire industry.

1097 Mr. {Kennedy of Massachusetts.} And, Doctor, how can
1098 this Committee be of any service to you as you try to get
1099 that information out?

1100 Mr. {Rosekind.} Frankly, I think the bill that has been
1101 introduced and Grow America Act are two of the most critical
1102 things right now, as far as our authorities and budget. And
1103 then directly there is the budget, which allows us not just
1104 people, but the authorities, and other kinds of

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1105 opportunities.

1106 Mr. {Kennedy of Massachusetts.} And, briefly, I only
1107 have a short period of time left, but if--did I hear you say
1108 earlier in your testimony, Doctor, that there were--you had
1109 eight staff that were working on this recall of 34 million
1110 vehicles, and that same staff of eight people working on
1111 1,200 other recalls?

1112 Mr. {Rosekind.} There are 51 in the Office of Defect
1113 Investigations. Eight of them look at the 80,000 complaints
1114 that come in. A different eight are handling this recall.

1115 Mr. {Kennedy of Massachusetts.} But--so eight people--

1116 Mr. {Rosekind.} Correct.

1117 Mr. {Kennedy of Massachusetts.} Okay. Thank you. I
1118 yield back.

1119 Mr. {Burgess.} Chair thanks the gentleman, the
1120 gentleman yields back. Chair recognizes the gentleman from
1121 New Jersey, Mr. Lance. 5 minutes for questions, please.

1122 Mr. {Lance.} Thank you, Mr. Chairman. Dr. Rosekind, I
1123 went online regarding my own situation, and the website is
1124 safecar.gov?

1125 Mr. {Rosekind.} Safercar.gov.

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1126 Mr. {Lance.} Spell that out for the public, please.

1127 Mr. {Rosekind.} Thank you. S-a-f-e-r-c-a-r-.-g-o-v.

1128 Safercar.gov.

1129 Mr. {Lance.} And it has on it how many millions of VIN
1130 numbers?

1131 Mr. {Rosekind.} The total number of VINs I can't tell
1132 you specifically. For the Takata right now, we are up to
1133 30.4 million vehicles, seven manufacturers.

1134 Mr. {Lance.} And I know you are working as quickly as
1135 you can, but at the moment, not all of the VIN numbers are on
1136 that site, and I was just lucky that my VIN number had
1137 already come up. But you are informing the American people,
1138 through this Committee hearing, which is being televised
1139 across this country, that the American people should go on
1140 that website frequently?

1141 Mr. {Rosekind.} Weekly.

1142 Mr. {Lance.} Weekly? Now, can you estimate, Dr.
1143 Rosekind, as to when you might have all of the numbers up on
1144 the site? And I know that is a difficult question, and I am
1145 just asking, is there a timeframe that you think you might be
1146 able to have?

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1147 Mr. {Rosekind.} We have seven out of 11, and the
1148 manufacturers are working quickly. I would hope within the
1149 next 2 weeks we should have that complete data set.

1150 Mr. {Lance.} So within the next 2 weeks you--

1151 Mr. {Rosekind.} That is the plan.

1152 Mr. {Lance.} Very good. Now, I didn't ask this,
1153 because then I called the dealer, and the dealer was very,
1154 very cooperative, and said that he thought he would have a
1155 new airbag within 1 week to 4 weeks, and did I need a loaner
1156 car? But I didn't think to ask, should the American people
1157 ask, is this for the driver or for the passenger? And I have
1158 no idea at the moment, and perhaps I should, as to whether in
1159 my personal situation it is the driver or the passenger.
1160 And, as I understand it, in some situations, it is both.
1161 Could you enlighten the Committee, and through the Committee
1162 the American people, on that aspect of all of this?

1163 Mr. {Rosekind.} Safercar.gov will tell you what the
1164 recall is for specifically. Driver, passenger, both, it will
1165 give you that information so you will know what to ask the
1166 dealer, don't have to rely--you don't have to rely on the
1167 dealer to tell you what needs to be fixed.

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1168 Mr. {Lance.} And are there situations where there will
1169 be the need for a new airbag for both the driver and the
1170 passenger in the same automobile?

1171 Mr. {Rosekind.} That could be.

1172 Mr. {Lance.} Do the auto manufacturers themselves have
1173 the responsibility, I trust, to inform those who have
1174 purchased their automobiles of these potential defects?

1175 Mr. {Rosekind.} And they make that information both
1176 through safecar.gov, they are the ones who provide us the
1177 make and model and VIN numbers, as well as--most of them
1178 provide that on their own websites as well.

1179 Mr. {Lance.} And are they mailing letters to those who
1180 own the vehicles?

1181 Mr. {Rosekind.} Yes. There are recall letters that are
1182 officially labeled for people to know specifically what is
1183 being recalled.

1184 Mr. {Lance.} And do you know, Dr. Rosekind, how many of
1185 those letters have gone out so far?

1186 Mr. {Rosekind.} That I would have to look into and get
1187 back to you.

1188 Mr. {Lance.} Thank you. The Wall Street Journal says

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1189 today, based upon a German study, that there may be at least
1190 four factors that could lead to all of this, and the factors
1191 include damaged or problematic inflator components, the
1192 positioning of the inflator and airbag system in vehicles,
1193 prolonged exposure to heat and humidity, and manufacturing
1194 variability. Are you now analyzing the new study from the
1195 Germans as to whether--what they suggest may be true?

1196 Mr. {Rosekind.} So we are looking--we are both aware of
1197 that report, and looking at that, plus there are multiple
1198 folks doing testing. You are going to hear from an
1199 independent testing coalition of the auto manufacturers.
1200 Takata is doing its own. Automakers are doing their own.
1201 The Consent Order is going to give us access to all of that
1202 data.

1203 And you have just highlighted, last quick comment, why
1204 this is so difficult. There are over 10 different
1205 configurations of the inflator across all the different makes
1206 and models. That is part of the problem with trying to
1207 figure out what the root cause has been.

1208 Mr. {Lance.} As I understand it, part of this is using
1209 batwing shaped wafers inside airbags. Would you, through the

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1210 Committee, explain to the American people what that means?

1211 Mr. {Rosekind.} And that has to do with the shape or
1212 design, basically, of the propellant container. And that is
1213 a perfect example of the different design configurations that
1214 are in over 10 different of these inflators. And that is
1215 part of the problem. In fact, there are some Takata airbags
1216 in certain manufacturers that have ruptured in some
1217 manufacturers', but not other manufacturers', cars.

1218 Mr. {Lance.} Thank you, you have been very helpful, and
1219 let me say I look forward to the testimony of the second
1220 panel. And, Mr. Chairman, I yield back the balance of my
1221 time.

1222 Mr. {Burgess.} Gentleman yields back. Chair thanks the
1223 gentleman. Chair recognizes the gentleman from California,
1224 Mr. Cardenas. 5 minutes for questions, please.

1225 Mr. {Cardenas.} Thank you, Mr. Chairman. Thank you,
1226 Dr. Rosekind, for all of your service, and for answering our
1227 questions today. Not only for us, but for the people we
1228 represent throughout the country. I am going to start off by
1229 talking about the--your administration, to get an
1230 understanding of how well we are or are not doing, to make

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1231 sure you have the resources to protect the American public--
1232 or to help protect the American public.

1233 One estimate puts the number of vehicles on U.S. roads
1234 in 2014 at about 253 million, which is nearly four million
1235 more than the estimate of 2013. Meanwhile, in spite of the
1236 growing volume of vehicles, and the increasing complexity of
1237 newer vehicles, NHTSA's budget has remained relatively flat
1238 over the past few years. The Fiscal Year 2016 budget
1239 appropriation of 837 million continues this trend, coming in
1240 more than 70 million short of NHTSA's request.

1241 Dr. Rosekind, do you believe that the stagnant funding
1242 for NHTSA, as part of the do more with less culture that has
1243 resulted from sequestration, has made it harder for the
1244 administration to do its job of keeping unsafe vehicles off
1245 the roads?

1246 Mr. {Rosekind.} There is no question, where NHTSA is
1247 addressing safety risks every day, that the budget and
1248 personnel and authority issues are helping create more risk
1249 for us. From my confirmation hearing, I have identified--we
1250 have done, and will continue to do everything internally,
1251 process-wise, procedurally that we can to be more effective,

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1252 but at some point, eight people to look at 80,000 complaints,
1253 up from 45,000 the year before, now you are just talking, you
1254 know, people that can get the job done.

1255 Mr. {Cardenas.} Um-hum. Well, I constantly hear--I
1256 have been elected to office 18 years at various levels, and I
1257 constantly hear some of my colleagues talk about fiscal
1258 conservativeness, and talking about how government needs to
1259 operate more like a business. I don't know of too many
1260 businesses that responsibly act with eight human beings
1261 trying to handle 80,000, you know, moving parts of issues and
1262 constituents. That is not efficiency. I think that is--
1263 well, it is delinquency, to be honest with. And not
1264 delinquent on you, but delinquent on us, the appropriators.
1265 I think we need do--to do a better job of protecting the
1266 American public, or helping you do your job of helping to
1267 protect the American public.

1268 The Office of Defect Investigation, which is responsible
1269 for screening and reviewing 40,000 consumer complaints per
1270 year, and conducting investigations of possible defects, had
1271 51 full time staff in March of 2014, down from 64 in 2002.
1272 NHTSA's fiscal year 2016 budget request includes a request

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1273 for funds to do--to more than double the number of ODI
1274 personnel. Dr. Rosekind, is the 837 million that the House
1275 Appropriations Committee approved for the 2016 fiscal year,
1276 is it sufficient for increasing the number of ODI personnel?

1277 Mr. {Rosekind.} No. That basically flatlines where we
1278 are today. And--

1279 Mr. {Cardenas.} Okay.

1280 Mr. {Rosekind.} And just to inflate that for you
1281 appropriately, that 40,000 number was last year. Because of
1282 all the attention last year, that number is now 80,000
1283 complaints coming in.

1284 Mr. {Cardenas.} So that is where we--

1285 Mr. {Rosekind.} --doubled.

1286 Mr. {Cardenas.} So that is where you get to the 80,000?

1287 Mr. {Rosekind.} Yes, sir.

1288 Mr. {Cardenas.} Thank you. It is clear that additional
1289 funding sources for NHTSA will be critical to ensure the--
1290 ensuring the administration can keep drivers and passengers
1291 safe. That is why, in addition to new appropriations
1292 specifically for NHTSA's vehicle safety programs, H.R. 1181
1293 would authorize a new vehicle safety user fee. This fee

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1294 would be paid by vehicle manufacturers for each U.S. vehicle
1295 certified to be Federal--to meet Federal safety standards,
1296 beginning at \$3 per vehicle, and increasing annually to \$9
1297 per vehicle. But this could potentially generate tens of
1298 millions of dollars for NHTSA to spend specifically on
1299 safety. Dr. Rosekind, do you think NHTSA would be able to
1300 find efficient and effective ways to channel the money raised
1301 by such a fee into consumer safety?

1302 Mr. {Rosekind.} No question. And I think, if anything,
1303 it is all about the safety mission, I think for the agency,
1304 and for me, so you give us more resources, and we will give
1305 you more safety.

1306 Mr. {Cardenas.} Okay. And, once again, looking at the
1307 numbers, the number of vehicles on American roads is growing,
1308 correct?

1309 Mr. {Rosekind.} Yes.

1310 Mr. {Cardenas.} And, fortunately and unfortunately,
1311 when we have better systems of identifying when there is a
1312 defect, that means that we are much more aware quicker of how
1313 many more, in this case millions, of people need to be
1314 notified and coordinated with, et cetera, so that we can

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1315 actually get them in a safer place, with a product that has
1316 been identified as being defective, correct?

1317 Mr. {Rosekind.} No question. We want to move the whole
1318 industry to a more proactive safety culture. Early
1319 identification means early intervention. Small numbers, we
1320 wouldn't be where we are today.

1321 Mr. {Cardenas.} Um-hum. Well, I think that Americans
1322 take it for granted that we do have these systems.
1323 Unfortunately, I think that too many Americans ignore the
1324 idea that Congress is not doing its job of properly
1325 appropriating so that they are safe. Thank you very much.

1326 Mr. {Burgess.} Chair thanks the gentleman, gentleman
1327 yields back. The Chair recognizes gentleman from Kentucky,
1328 Mr. Guthrie. 5 minutes for questions, please.

1329 Mr. {Guthrie.} Thank you, Mr. Chairman, for
1330 recognition. Thank you for being here today, real--
1331 appreciate it. I have a question. You mentioned--talking
1332 about going to the site and putting in your VIN number, that
1333 you have the information from seven of 11 manufacturers. Is
1334 there a timeline you think you will have the other four?

1335 Mr. {Rosekind.} That was asked earlier, and our plan is

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1336 to have that within 2 weeks, if not sooner. The
1337 manufacturers are working very quickly.

1338 Mr. {Guthrie.} Uh-huh.

1339 Mr. {Rosekind.} Not just about getting the numbers. It
1340 is checking the accuracy, which both they and NTHSA have to
1341 do.

1342 Mr. {Guthrie.} So that is the process that is taking--
1343 okay. Takata suggested that the particular make and model of
1344 a vehicle may be contributing to the inflator defects. Has
1345 NHTSA reviewed that analysis and come to some conclusion with
1346 that?

1347 Mr. {Rosekind.} And that is part of the problem with
1348 the root cause right now. There are not just 10 plus
1349 different designs of the inflators, but we are looking at
1350 different makes and models, so that is exactly what the
1351 difficulty is. There are some Takata inflators in a make and
1352 model that has not ruptured. The same Takata inflator in a
1353 different make and model might rupture. So when you think
1354 about all the different variations you have to look for, that
1355 is why it is a challenge right now trying to come to a root
1356 cause.

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1357 Mr. {Guthrie.} Yeah, but earlier in my life I was a
1358 certified quality engineer, and so it seems like it is
1359 difficult to recreate the problem. I mean, you--it is just--
1360 you can't figure out exactly the root cause, I am sort of
1361 getting at.

1362 And I was, you know, vehicles last a lot longer than
1363 they used to, and people have them for quite a while. And
1364 they tell you to change your oil every 3,000 miles, your
1365 tires every so many thousand, rotate them. Is there any
1366 manufacturer or vehicle out there that has routine
1367 maintenance at all on airbags that you know of?

1368 Mr. {Rosekind.} That is a very good question. I don't
1369 believe so, but I will get a specific answer for you. And
1370 right now the average vehicle is in service for 11.4 years.

1371 Mr. {Guthrie.} Um-hum.

1372 Mr. {Rosekind.} So even many of the statutes that are
1373 out there that only go to 10 are surpassed by the vehicles
1374 that are on the road now.

1375 Mr. {Guthrie.} So--I mean, obviously people who buy a
1376 vehicle expect their airbag to last as long as their vehicle
1377 lasts, but, as far as we know, there is not a routine kind of

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1378 maintenance or check? It is hard to--I mean, it is one of
1379 those things it is a destructive test then to check your
1380 airbag, and you move forward.

1381 I have a question. Since December 3, the hearing that
1382 we had in 2014, how many additional fatalities and injuries?
1383 You might have answered that, but I am not sure I heard that
1384 when you were speaking.

1385 Mr. {Rosekind.} Specifically we are aware of six
1386 worldwide, people that have lost their lives, and at least
1387 100 injured.

1388 Mr. {Guthrie.} And also, Mr. Friedman, you weren't
1389 here, testified in December that you were going to hire an
1390 expert in propellant and bag production--airbag production
1391 within a week of the last hearing. Has that--that has taken
1392 place, hasn't it?

1393 Mr. {Rosekind.} Yes, it has, and I have tried to
1394 identify--we have at least four people on staff that know
1395 airbags quite well--

1396 Mr. {Guthrie.} Um-hum.

1397 Mr. {Rosekind.} --but now we have someone with
1398 particular expertise in the areas we are looking at that has

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1399 been on staff.

1400 Mr. {Guthrie.} These four people that know airbags, are
1401 they part of the eight that you were describing, so they are
1402 also looking at the other--as well?

1403 Mr. {Rosekind.} We have three or four staff people that
1404 have the expertise, as well as a consultant that is outside
1405 that has been added. And the three or four staff people are
1406 part of the eight that we--

1407 Mr. {Guthrie.} That you were describing? Well--and--so
1408 has there ever been an airbag consultant before on--this is
1409 new, I guess, due to this issue?

1410 Mr. {Rosekind.} And this individual was picked
1411 specifically because of their expertise on the propellant
1412 side. Because, even with the inflator, if you think about
1413 design and all the other elements, we are really focused on
1414 the chemistry in the propellant.

1415 Mr. {Guthrie.} Well, thank you, and I appreciate you
1416 being here. I know we are all here trying to find an answer
1417 because of the--even since December 6, and the hundreds of
1418 injuries, and we need to get to the bottom of it, and thank
1419 you for being here today. And I yield back, Mr. Chairman.

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1420 Mr. {Burgess.} Gentleman yields back. Chair thanks the
1421 gentleman. The Chair recognizes the gentlelady from New
1422 York, Ms. Clarke. 5 minutes for your questions, please.

1423 Ms. {Clarke.} Thank you very much, Mr. Chairman. I
1424 thank our Ranking Member. Dr. Rosekind, thank you for all of
1425 your work and testimony here today. NHTSA first asked Takata
1426 to conduct a national recall in November of 2014. Takata
1427 responded by questioning NHTSA's authority to order the
1428 company to undertake the national recall. In a December
1429 hearing held by this Subcommittee, Takata reiterated its
1430 belief that a national recall was unwarranted, although. I
1431 should note that many of the auto manufacturers extended the
1432 recalls anyway.

1433 Nearly 6 months to the day since the last hearing, we
1434 are in a much different place, but also 6 months behind where
1435 we should be in getting these dangers airbags out of our
1436 cars. Dr. Rosekind, in today's world goods and services
1437 cross state lines without a second thought. Our cars have an
1438 average lifetime of 11 years on the road, and frequently
1439 spend time in all corners of the country during their
1440 lifetimes. Given the realities of the world in which we live

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1441 today, is it possible for NHTSA to guarantee that a regional
1442 recall will be sufficient?

1443 Mr. {Rosekind.} Our approach has been--my approach has
1444 been to make sure we focus on national recalls, and that was
1445 part of the challenge previously, was Takata's denial that
1446 there was even a defect. And even though manufacturers
1447 stepped up, there was a wide range of patchwork, basically.
1448 Service campaigns, some recalls, some regional, some
1449 national, it was all over the place. May 19 NHTSA took the
1450 driver's seat, and quarter rated--our coordinated remedy will
1451 change all of that.

1452 Ms. {Clarke.} Yeah, I don't think so either. H.R.
1453 1181, the Vehicle Safety Improvement Act, would eliminate the
1454 farce of regional recalls by making clear that all safety
1455 recalls of motor vehicles and replacement parts must be
1456 carried out on a national basis. The bill will also allow
1457 NHTSA to prioritize certain parts of the country when the
1458 quantity of replacement parts is limited.

1459 Dr. Rosekind, in the past NHTSA has supported regional
1460 recalls. Earlier in this hearing you said that, from your
1461 perspective, recalls are national. Can I then assume you

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1462 support this provision of the Vehicle Safety Act?

1463 Mr. {Rosekind.} We are interested in safety for
1464 everybody, so we start with a national recall.

1465 Ms. {Clarke.} Very well. Takada's written testimony
1466 explains that for two of the Takata airbags being recalled,
1467 the recall will be regional, and NHTSA will have to order
1468 Takada to expand the recalls nationally. Will you commit to
1469 expanding all of the Takata recalls nationally now?

1470 Mr. {Rosekind.} And I think it has been interesting to
1471 watch peoples' response to those two. Those two passenger
1472 airbag inflators are the most problematic, and so that,
1473 basically, is trying to ensure that the people at the highest
1474 risk get their fix as quickly as possible. If you read those
1475 defect reports, it expected that those will be national.

1476 Ms. {Clarke.} So that means that we are looking to have
1477 a national recall now?

1478 Mr. {Rosekind.} With--yes, with a very specific focus
1479 to make sure in those problematic ones we get those high risk
1480 people covered as quickly as possible.

1481 Ms. {Clarke.} The recalls of Takata airbags began as
1482 safety improvement campaigns, and regional recalls in all--

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1483 only certain parts of the country with high absolute
1484 humidity. As NHTSA, Takata and care--car manufacturers learn
1485 more about the defect, and as inflator ruptures occurred
1486 outside those high humidity areas, the air--automakers each
1487 responded differently. Some expanded their recalls to
1488 additional states, others expanded recalls nationally, and
1489 the information for consumers was hard to find.

1490 It seems to me that the regional recalls in this case
1491 only added to consumer confusion. I believe that conducting
1492 national recalls from the start, with an allowance for
1493 prioritization of placement parts to our most vulnerable
1494 geographic areas first would have lessened the consumer
1495 confusion in this case.

1496 Dr. Rosekind, do you agree that that rollout of the
1497 recalls could have been handled better from the very
1498 beginning?

1499 Mr. {Rosekind.} What I am going to do is focus, which
1500 Chairman Burgess already said, I think you beat me by a month
1501 or so, being in the chairs, and so I can speak to the last 5
1502 months, that we are going after national recalls for these to
1503 make sure every American gets a safe airbag in their vehicle.

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1504 Ms. {Clarke.} I just want to make sure that we learn
1505 from this lesson.

1506 Mr. {Rosekind.} Absolutely.

1507 Ms. {Clarke.} You know, it is very interesting that,
1508 you know, we are trying to reorganize how we do things. If
1509 we know from the very outset, then we can administer best
1510 practices going forward.

1511 Mr. {Rosekind.} Absolutely.

1512 Ms. {Clarke.} Very well. Mr. Chairman, I yield back.

1513 Mr. {Burgess.} Chair thanks the gentlelady, gentlelady
1514 yields back. The Chair now recognizes the gentleman from the
1515 high humidity city of Houston, Texas. 5 minutes for your
1516 questions, please.

1517 Mr. {Olson.} Thank you, Mr. Chairman, and welcome Dr.
1518 Rosekind. Before my questions, I want to put a human face--
1519 victim of a defective Takata airbag. His name was Carlos
1520 Saliz. He was 35 years old, lived in Spring, Texas, went to
1521 Spring High School, loved working with his brothers at
1522 Progressive Pumps. He bought a used 2002 Honda Accord, was
1523 involved in a minor crash on January 18 of this year. His
1524 airbag deployed, supposed to save his life, and took his

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1525 life. He left behind a wife, Nicole, and three kids, Devon,
1526 Alyssa, and Angelina.

1527 His vehicle had a recall notice put out in 2011. He
1528 bought the car in 2014. He had no clue that the vehicle may
1529 be defective. He fell through the cracks. My question is,
1530 how can NHTSA make sure Carlos never happens again? How can
1531 we track the ownership of the vehicle with recall notices?

1532 Mr. {Rosekind.} First, thank you for recounting that.
1533 Everyone at NHTSA can give you a number. In 2013 there were
1534 32,719 lives lost on our roadways. We know the exact number.
1535 Thank you, because you gave--to the six people that have lost
1536 their lives worldwide, you gave a name and a face to one of
1537 those victims. And I think the concern which has been raised
1538 here earlier is that was a person that had a used car that
1539 had a recall notice out. And so people are buying used cars,
1540 or renting cars that have recalls and defects, acknowledged
1541 defects, that are not being fixed beforehand. So we are
1542 looking for, through Grow America, the Improvement Act that
1543 has been introduced, ways of trying to fix that gap.

1544 Mr. {Olson.} Well--as Mr. Case--Kennedy said, make sure
1545 that the ownership of the car follows recall notices, because

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1546 Carlos had no clue that his car was defective. He was
1547 driving what he thought a great vehicle, had been out there
1548 since 2002, and gets in a minor accident and dies because his
1549 airbag killed him.

1550 I want to talk about--Deputy Administrator Friedman came
1551 here in December, and he stated that NHTSA would look into
1552 the safety of replacement airbags, the ones replacing. And
1553 he said that NHTSA was examining the airbag manufacturers
1554 that use the same propellant. My question is, what is the
1555 status of those investigations, the new devices and the
1556 propellant?

1557 Mr. {Rosekind.} Thank you, because this allows me to
1558 highlight the Consent Order that has been signed will allow
1559 us to direct testing. Previously that was almost exclusively
1560 on root cause. Now we will have an ability to make sure the
1561 testing goes to the adequacy of the remedy, right to your
1562 question, which is there are a variety of possible solutions,
1563 and we need to make sure that testing goes on to examine
1564 those, and make sure that the replacements will be effective
1565 long term.

1566 Mr. {Olson.} Are there other inflators that need to be

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1567 examined from different models of vehicles?

1568 Mr. {Rosekind.} And thank you. I think, you know, one
1569 of the concerns is we do not know the root cause at this
1570 point. On the other hand, we do know that there are plenty
1571 of inflators that are functioning successfully. In 2013,
1572 611,000 crashes where airbags deployed, so we know they can
1573 function, and we know that there are even different versions
1574 of Takata airbags that are not rupturing. So that is the
1575 good news, is we have other models or examples that can be
1576 pursued to understand what to change now.

1577 Mr. {Olson.} Final question about fatigue of recalls.
1578 I mean, last year the American people have been--with GM
1579 ignition switch recalls, massive recalls, Takata airbags out
1580 there, all the recalls--with them. I mean, heck, this past
1581 year I got a new pickup truck, got a notification from GM
1582 that there would be some sort of defect in some sort of
1583 sensor, so I had that taken out at the dealership. My
1584 question is, do you think there is recall fatigue, and how
1585 can we fight the fact that recall, after recall, after recall
1586 are hitting the American public, and finally they just say, I
1587 am tired of this, I am driving my car, it is fine. So how

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1588 can we fight recall fatigue? Any ideas?

1589 Mr. {Rosekind.} First of all, I think it absolutely
1590 exists, and we held an event in April called retooling
1591 recalls, one to readjust. 75 percent may be good, but we
1592 have readjusted the target to be 100 completion. And then it
1593 was actually fantastic to see the number of manufacturers
1594 that are coming up with creative ways. Some manufacturers
1595 are actually taking their creative team to help them sell
1596 vehicles, and now applying them to the recall.

1597 So they are having special hours, they are having
1598 weekends with, you know, things for the kids. Private
1599 investigators are going to home to locate these people. A
1600 whole list of new ideas, and we are going to try and find a
1601 way to make sure everybody in the industry has excess to
1602 those--access to those ideas, and actually are following up
1603 to take action.

1604 Mr. {Olson.} Thank you. About out of time. On behalf
1605 of Carlos Saliz, thank you. Yield back.

1606 Mr. {Burgess.} Chair thanks the gentleman, gentleman
1607 yields back. Chair recognizes the gentleman from North
1608 Carolina. 5 minutes for questions, please.

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1609 Mr. {Butterfield.} Thank you very much, Mr. Chairman.
1610 First let me thank you, Chairman Burgess, for holding today's
1611 hearing. I think this is a very important hearing, and
1612 hopefully we can get some good information into the record
1613 that can have a bearing directly on the issue that we are
1614 talking about.

1615 This is an important issue. I am somewhat surprised,
1616 Mr. Chairman, to learn that the Takata airbag malfunctions
1617 have been linked to areas of high humidity. I am not sure
1618 that I really knew that. If I knew it, I didn't fully
1619 appreciate it until recently. I represent a very humid
1620 district down in North Carolina. Maybe not as humid as the
1621 districts are down in Texas, Mr. Chairman, but we are indeed
1622 a region that is very humid from time to time.

1623 Though North Carolina is outside the designated high
1624 absolute humidity area, one of these airbag malfunctions
1625 occurred in my state, causing me a great a deal of worry
1626 about the safety and efficacy of airbags manufactured by
1627 Takata, and the potential for my constituents to be seriously
1628 harmed, or even worse. I also have concerns about what
1629 practical impact this recall, and any recall, will have on

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1630 the rental car market, so I will be concentrating on this
1631 aspect during my question time today.

1632 The U.S. rental market is huge, we all acknowledge that.
1633 In fact, one study estimates that there were nearly 2.1
1634 million rental cars in service last year. However, despite
1635 the scale of the market, Federal law does not require rental
1636 car companies to remedy defects in rental cars before renting
1637 them to consumers. So a company could rent a car subject to
1638 this recall without an airbag that has yet to be replaced.

1639 So, Dr. Rosekind, again, thank you for your testimony.
1640 Do you believe that rental car companies should be prohibited
1641 from renting a car unless all known recalls and effects--
1642 defects have been repaired?

1643 Mr. {Rosekind.} If a defect has been identified, used
1644 cars and recalls should be fixed before they are allowed to
1645 put keys in consumers' hands.

1646 Mr. {Butterfield.} That is just clear as it can be. Do
1647 you think that most consumers would assume that a rental car,
1648 which may be newer than their own vehicle, is a safe vehicle?

1649 Mr. {Rosekind.} And that is the problem. While we can
1650 have this hearing, and talk about getting people for Takata

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1651 to go to safergov dot--safercar.gov, almost nobody who rents
1652 a car or buys a used one will probably ever do that. And
1653 that is a gap we have to fill.

1654 Mr. {Butterfield.} Yeah. Well, I drive a 1995 Toyota
1655 and a 2000 Ford Explorer, and all of the rental cars that I
1656 rent are much better than my personal vehicles.

1657 Dr. Rosekind, do you think consumers have a right to
1658 free loaner cars while their cars are getting repaired?
1659 Regardless if consumers are given loaner cars, should there
1660 be a requirement that those loaners themselves, before being
1661 loaned, have no outstanding recalls?

1662 Mr. {Rosekind.} So thank you for raising that question.
1663 It comes up often what people should do, and we are telling
1664 people, if there is concern about their Takata inflator, they
1665 should talk to their dealer or manufacturer about a loaner or
1666 rental car.

1667 Mr. {Butterfield.} Recently Congresswoman Capps and
1668 myself introduced a bill that would prohibit a rental car
1669 that receives a notification about any defect or non-
1670 compliance with Federal motor vehicle safety standards to
1671 rent or sell the vehicle unless the defect is remedied. Dr.

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1672 Rosekind, NHTSA has, in the past, supported similar
1673 legislation that prohibits rental car companies from renting
1674 vehicles subject to a recall, unless the defect is remedied.
1675 As the new NHTSA administrator, do you continue to support
1676 this type of legislation?

1677 Mr. {Rosekind.} And the Administration, and Secretary
1678 Fox, have done that as well through Grow America, which
1679 specifically has both used car and rental car defect issues
1680 covered just that way.

1681 Mr. {Butterfield.} All right. You are very clear in
1682 your responses, and I thank you for the manner in which you
1683 responded. Thank you very much, Mr. Chairman. I yield back.

1684 Mr. {Burgess.} Chair thanks the gentleman, gentleman
1685 yields back. Chair recognizes the gentleman from Florida,
1686 Mr. Bilirakis. 5 minutes for questions.

1687 Mr. {Bilirakis.} Thank you, Mr. Chairman, I appreciate.
1688 And thank you, Dr. Rosekind, for testifying today. It is my
1689 opinion that the Takata SPI inflator rupture may have been--
1690 it is my understanding, anyway, that the--it may have been
1691 caused by high humidity. What is the minimum exposure period
1692 before an inflator is considered by Takata to be at risk in a

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1693 high humidity area? And if you have an opinion as to whether
1694 it was caused by high humidity, I would like to hear it as
1695 well.

1696 Mr. {Rosekind.} I am going to put my NTSB hat on and
1697 just say I would be very cautious about saying probable cause
1698 at this point, because there is no root cause. But to your
1699 question, there is no--there is absolutely data that shows
1700 humidity, because of the moisture, can have an effect on the
1701 inflator. And we could get into the chemistry, but your main
1702 question is what we have seen in the data. Somewhere between
1703 7-1/2 to about 12.3 years is where we are seeing that
1704 inflator can rupture.

1705 Mr. {Bilirakis.} Thank you. All right. Next question
1706 is, I understand that NHTSA is helping prioritize the most
1707 urgently needed replacements to various parts of the country
1708 that need it most. In theory, this approach would help
1709 manage a finite supply, and ensure that the consumers who are
1710 most in danger are protected more quickly. But this phased
1711 approach does not appear to match with NHTSA's rollout in May
1712 19, which grabbed headlines by covering 34 million vehicles.

1713 My constituents are in a high humidity area, I represent

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1714 Florida, but it is unclear whether they can now obtain
1715 replacement parts, and if not, at which point can they obtain
1716 replacement parts in the future? I would like for you to
1717 answer that question. Are replacement parts available now in
1718 Florida, but maybe not available in New Jersey, and other
1719 parts of the country? And, again, are there enough
1720 replacement parts available, period?

1721 Mr. {Rosekind.} So first I would say safecar.gov is
1722 going to let them know, if they are checking that. They say
1723 recall for their vehicle, they need to call their dealer,
1724 because they will tell them if the part is available. For
1725 the second part, there is no question that one of the issues
1726 that we have with our coordinated remedy program is to make
1727 sure that sufficient supply of inflators are available across
1728 the country.

1729 Mr. {Bilirakis.} Thank you very much, and
1730 Representative Clarke covered the additional questions. So I
1731 appreciate it very much, and I yield back.

1732 Mr. {Burgess.} Chair thanks the gentleman, gentleman
1733 yields back. Chair recognizes the gentlelady from Indiana,
1734 Ms. Brooks. 5 minutes for your questions, please.

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1735 Mrs. {Brooks.} Thank you, Mr. Chairman. I have to say,
1736 when you have testified, Dr. Rosekind, that NHTSA was working
1737 hard, or you have testified that--working hard to stamp up
1738 some testing facilities of your own so you can verify the
1739 work that Takata is doing, it was in your written testimony,
1740 can you give us a status update on those validation
1741 activities? And is there a new NHTSA testing facility for
1742 these airbag inflators? Can you just share with us what is
1743 happening with that progress?

1744 Mr. {Rosekind.} And thank you for asking about that,
1745 because previously what NHTSA did was arrange to have data
1746 available to us, but his now provides us another resource to
1747 actually verify the testing, and any testing. So whether it
1748 is Takata's, or the independent coalition, we will be able to
1749 look at all that.

1750 So we have a facility in Ohio that allows us to do some
1751 testing, but because of the inflator rupture, we are talking
1752 about ballistic testing. You have got to blow them up and
1753 have them rupture. So Batel is helping us do that, and we
1754 basically have a plan already outlined. So, as of May 19,
1755 that plan is underway. How many have actually been tested by

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1756 this point, I can't say, but we have our own independent
1757 testing being done by an outside laboratory to help us do
1758 that.

1759 Mrs. {Brooks.} So you are now using--because it
1760 required a different kind of testing than you had
1761 capabilities for, you are now using an outside tester?

1762 Mr. {Rosekind.} Correct.

1763 Mrs. {Brooks.} And do you have any idea how long the
1764 testing has been going on, and how is it going?

1765 Mr. {Rosekind.} I will get you specifics. I know the
1766 contract with Batel was signed a while ago, and the most
1767 important thing was to get a plan, which, as I have tried to
1768 emphasize, is not just, you know, we have tried to not just
1769 look at the root cause, which is what everyone else--we are
1770 now also trying to focus on the remedy. So I can get you
1771 information about when that contract was signed, what the
1772 plan is, and basically that should tell you what the calendar
1773 expectations are as well.

1774 Mrs. {Brooks.} Thank you. And--so you have mentioned
1775 several times in your testimony today that we may never know
1776 the root cause, and the root cause is a problem. And so

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1777 problems associated with the beta inflators have persisted
1778 for years, and it feels as if we are not making any progress
1779 in determining the root cause. So, given that, how will we
1780 know--how will--be satisfied that you have enough data to
1781 determine the adequacy of the proposed remedy if we don't
1782 know the original root cause?

1783 Mr. {Rosekind.} So I have often--around NHTSA, even
1784 though they wonder why I keep bringing this up, but while I
1785 was at the NTSB is when we investigated the 787 Dreamliner
1786 Boeing lithium ion battery fire. That was a year
1787 investigation, and some people would question whether the
1788 root cause was ever discovered. The entire fleet was
1789 grounded. And so that required Boeing coming up with a
1790 solution without fully knowing the root cause, which was
1791 identifying all the potential failure points, engineering a
1792 solution to that, testing it, and now they are flying again
1793 very quickly.

1794 So we have that possibility, including the fact there
1795 are all kinds of airbags, including Takata inflators, that
1796 are out there that are not rupturing. So, between those two
1797 things, there is an opportunity, without root cause, to still

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1798 get a solution.

1799 Mrs. {Brooks.} So essentially taking your experience
1800 form NTSB, and how that would be the proposal that you will
1801 use going forward with Takata?

1802 Mr. {Rosekind.} Yes, and let me just add, because I
1803 haven't had chance to say this, but you have just raised one
1804 of the core questions we have been asking, at least since I
1805 have been there in January, is how long do you wait?

1806 Mrs. {Brooks.} Um-hum.

1807 Mr. {Rosekind.} So I had been at the NTSB--we couldn't
1808 wait a year to come up with an answer or not come up with an
1809 answer. So that is part of why we have pushed to basically
1810 take the driver's seat to get a focus on the remedy, and the
1811 supply, and all the other factors that will make a difference
1812 to get that safe airbag in everybody's vehicle.

1813 Mrs. {Brooks.} Thank you, and thank you for your work
1814 on this. You are right, we can't wait, and so--encourage
1815 your persistence in fighting for this. Thank you.

1816 Mr. {Burgess.} Chair thanks the gentlelady, gentlelady
1817 yields back. Chair recognizes the gentleman from Illinois,
1818 Mr. Kinzinger. 5 minutes for your questions, please.

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1819 Mr. {Kinzinger.} Thank you, Mr. Chairman, and, sir,
1820 thank you for being here and answering our questions. Most
1821 of them have been asked. I just have a couple of ones, so I
1822 probably won't take all of my 5 minutes.

1823 But you talk about the coordinated remedy program, what
1824 is going to be involved, and when will you have a plan for
1825 acting as the central coordinator for the coordinated remedy
1826 program?

1827 Mr. {Rosekind.} So--thanks, because that gives me a
1828 chance to really focus on the endgame here. I keep talking
1829 about NHTSA sitting in the driver's seat, because, up until
1830 this point, it was really unclear how this was all going to
1831 happen. And so now we have a plan to be meeting with the
1832 manufacturers. We have already made contact with them. We
1833 will be meeting with suppliers. We will have joint meetings.
1834 And our intent, once that plan is together, is to have a
1835 public meeting, so there is transparency to the entire plan
1836 and schedule. We are hoping for that hearing to occur in the
1837 early fall.

1838 Mr. {Kinzinger.} Okay. All right. And who within
1839 NHTSA with recall logistics expertise will be leading this

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1840 coordination, or is this something that you are doing to need
1841 to probably contract out?

1842 Mr. {Rosekind.} Actually, right now there is an
1843 internal team at NHTSA that is overseeing this, so I have
1844 people from the defect/engineering group, a group that is
1845 dealing with the legal enforcement issues, and
1846 communications. So those three groups have come together to
1847 basically provide oversight for the process.

1848 Mr. {Kinzinger.} And do you believe that they have
1849 enough expertise to carry out this process, enough recall
1850 logistics expertise?

1851 Mr. {Rosekind.} At this point yes, and I think during
1852 our development of a future plan, if we find other resources
1853 are needed, I will be the first one to let everybody know to
1854 make sure--

1855 Mr. {Kinzinger.} Okay.

1856 Mr. {Rosekind.} --that we get this done right.

1857 Mr. {Kinzinger.} So if you don't have it, you would be
1858 willing to look at, you know, outside, or whatever you need
1859 to get this done right?

1860 Mr. {Rosekind.} Yes.

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1861 Mr. {Kinzinger.} Okay. Well, you have answered pretty
1862 much all the questions I have, so, with that, I will yield
1863 back the 3 minutes remaining.

1864 Mr. {Burgess.} Chair thanks the gentleman. Will you
1865 yield your remaining time to me?

1866 Mr. {Kinzinger.} Yeah, I will yield it to you.

1867 Mr. {Burgess.} I thank the gentleman for that. Mr.
1868 Rosekind, as you are probably aware, last night in the Rules
1869 Committee we did the rule for the Transportation
1870 Appropriations bill that will be on the floor either this
1871 week or next week. So, recognizing we were having this
1872 hearing today, I asked the Subcommittee of the--
1873 Transportation Subcommittee in Appropriations if they would
1874 share with me the spending plan submitted to their
1875 subcommittee by NHTSA. Every agency and department is
1876 required to submit a spending plan to the Appropriations
1877 Committee, or appropriate Appropriations Subcommittee as they
1878 do their work, and build the appropriations bills that we
1879 will then vote on.

1880 So, I have got to say, what I was given is pretty
1881 sparse, so I am going to give you the benefit of the doubt,

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1882 and if you would like to provide me with the spending plan
1883 that you provided to the Appropriations Subcommittee, I would
1884 be happy to review it, and review it with you, if you would
1885 like. Chairman Upton said--he made reference to the fact
1886 that we need to make sure the appropriations are in line.
1887 Ms. Schakowsky has talked about that. So, again, I will make
1888 this available to you, if it is as written, and that is fine.
1889 If you think there is a different spending plan that I should
1890 be looking at, I will be happy to do that. And, again, I
1891 will be happy to follow up with you. And I do want to
1892 stress, you have always been very good about keeping me, as
1893 the Chairman of the Subcommittee, informed about what you are
1894 doing, and for that I am very grateful.

1895 I am filibustering just a little bit because Mr. Engel
1896 is allegedly on his way here. So let me just ask--

1897 Mr. {Rosekind.} And can I--

1898 Mr. {Burgess.} Yes, please.

1899 Mr. {Rosekind.} I want to thank you for that
1900 opportunity, because when we--the President's budget has much
1901 detail about new--

1902 Mr. {Burgess.} Mr. Rosekind, I have got to interrupt

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1903 you there.

1904 Mr. {Rosekind.} Okay.

1905 Mr. {Burgess.} The President's budget never gets a
1906 single vote. Republican Senate--

1907 Mr. {Rosekind.} Yes, sir.

1908 Mr. {Burgess.} --or House, Senate, Republican or
1909 Democrat, no one would even offer the President's budget up
1910 for a vote this year. So that is, you know, I mean, the
1911 President--and this is not unique to the Obama
1912 Administration. President's--Bush's budgets, when I was here
1913 in the majority earlier, frequently those would not pass on
1914 the floor of the House and the Senate.

1915 So, sure, the President sends up a wish list that
1916 balances never, and, yeah, it has got everything funded to a
1917 level that would be great, if we lived in a world of
1918 unlimited resources, but you are the administrator. And I
1919 have run a business. You understand that, as the
1920 administrator, sometimes you have to prioritize spending, and
1921 that is what we really are looking for you to do. That is
1922 what we want you to do, just as the same as the director of
1923 NIH, just the same as Dr. Frieden at the CDC. We want you to

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1924 prioritize and spend appropriately. But, again, I will give
1925 you the benefit of the doubt. This looks pretty thin to me.
1926 I--just welcome the chance to go through the spending plan
1927 with you.

1928 And then, finally, last year, on a bipartisan basis,
1929 this Committee requested that the Government Accountability
1930 Office review NHTSA's internal structure and procedures to
1931 assess the agency's ability to keep pace with advancements in
1932 vehicle technology. At the Committee's hearing in December,
1933 Deputy Administrator Friedman committed to cooperating with
1934 the Government Accountability's--Office's review. Will you
1935 reaffirm this commitment to cooperate with GAO in this
1936 review?

1937 Mr. {Rosekind.} Absolutely, and we already are.

1938 Mr. {Burgess.} There--I appreciate that very much. Do
1939 you have any--okay. At this point we are going to have to
1940 forego questions by Mr. Engel, and I apologize. We will get
1941 his questions to you in writing, and any member of the
1942 Committee may have further questions. But, seeing there are
1943 no further members wishing to ask questions for this panel, I
1944 do want to thank Administrator Rosekind for being here today.

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1945 This will conclude our first panel. We will take a
1946 brief recess to set up the second panel. Thank you, sir.

1947 [Recess.]

1948 Mr. {Burgess.} I will call the Subcommittee back to
1949 order. Thanks to everyone for their patience, and for taking
1950 time to be here today. We will move into the second panel
1951 for today's hearing. We are going to follow the same format
1952 as the first panel. Each witness will be given 5 minutes to
1953 summarize their opening statement, followed by questions from
1954 the members.

1955 For our second panel, we want to welcome the following
1956 witnesses. Mr. Kevin Kennedy, the Executive Vice President
1957 of North America Takata, Mr. David Kelly, Project Director,
1958 Independent Testing Coalition, Mr. Mitch Bainwol, President
1959 and CEO of the Alliance of Automobile Manufacturers, and Mr.
1960 John Bozzella, the Chief Executive Officer of Global
1961 Automakers.

1962 We will begin our second panel with Mr. Kennedy. Sir,
1963 you are recognized for 5 minutes for your opening statement,
1964 please.

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

|

1965 ^STATEMENTS OF KEVIN KENNEDY, EXECUTIVE VICE PRESIDENT,
1966 TAKATA; DAVID KELLY, PROJECT DIRECTOR, INDEPENDENT TESTING
1967 COALITION; MITCH BAINWOL, PRESIDENT AND CEO, ALLIANCE OF
1968 AUTOMOBILE MANUFACTURERS; AND JOHN BOZZELLA, CEO, GLOBAL
1969 AUTOMAKERS

|

1970 ^STATEMENT OF KEVIN KENNEDY

1971 } Mr. {Kennedy.} Chairman Burgess, Ranking Member
1972 Schakowsky, and distinguished members of the Subcommittee, I
1973 am honored to be here on behalf of Takata, and our employees
1974 throughout the United States. For Takata, safety is the core
1975 of who we are and what we do. We are proud that Takata
1976 airbags have saved thousands of lives, and prevented serious
1977 injuries in hundreds of thousands of accidents. It is
1978 unacceptable to us for even one of our products to fail to
1979 perform as intended. We deeply regret each instance in which
1980 someone has been injured or killed.

1981 We are committed to doing everything in our power to
1982 address the safety concerns raised by airbag ruptures. Our

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1983 chairman has made that commitment personally to Administrator
1984 Rosekind, so let me tell you what we are doing. After months
1985 of testing, and extensive analysis, we have agreed with NHTSA
1986 to take broad actions, in conjunction with automakers, to
1987 respond to your concerns, and those of the public. We have
1988 recommended dramatically expanded recalls, including national
1989 recalls, that go well beyond what is suggested by the science
1990 and testing.

1991 Most of the ruptures on the road, and all of the
1992 fatalities in the U.S., have involved older Takata driver
1993 airbag inflators with batwing shaped propellants--propellant
1994 wafers, pardon me, that were originally subjected to previous
1995 recalls, and most of those have occurred in the regions of
1996 the country with high heat and absolute humidity.
1997 Nevertheless, we are proposing expanded national recalls to
1998 replace all of these batwing driver inflators, from the start
1999 of production through the end of production, in any vehicle
2000 registered anywhere in the United States. The recommended
2001 recalls will proceed in stages. The final stage will include
2002 the replacement of all batwing driver inflators previously
2003 installed as remedy parts. Takata will cease producing the

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2004 batwing driver inflators altogether.

2005 There have been far fewer field ruptures involving
2006 passenger airbags. Nevertheless, our agreement with NHTSA
2007 also contemplates significantly expanded recalls for
2008 passenger airbag inflators, including a nationwide recall for
2009 one type of inflator. The recalls for the other passenger
2010 inflators will cover specific vehicle models ever registered
2011 in the high absolute humidity states, but with the potential,
2012 excuse me, for the recalls to expand to other states, if
2013 ordered by NHTSA. We will continue to test inflators beyond
2014 the scope of the recalls to determine whether further action
2015 is appropriate.

2016 For both driver and passenger airbags, all analysis to
2017 date indicates that the potentials for rupturing is limited
2018 to an extremely small fraction of older inflators. That is
2019 not meant to minimize the issue. One rupture is too many.
2020 It does explain, however, why Takata's filings state that a
2021 safety related defect may arise in some of the inflators.
2022 Not all of the inflators covered by the proposed recalls are
2023 defective.

2024 Based on 50,000 tests to date, and research involving

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2025 leading experts from around the world, our best current
2026 judgment is that the potential for rupture is related to long
2027 term exposure over many years to persistent conditions of
2028 high heat and high absolute humidity, as well as other
2029 potential factors, including possible manufacturing and
2030 vehicle specific issues. Nonetheless, we have proposed a
2031 broader remedy program. NHTSA will play a central role in
2032 overseeing this remedy program. Takata will prepare a plan
2033 for NHTSA, outlining steps to help determine the safety and
2034 expected service life of the remedy parts. We will also work
2035 with NHTSA and our customers to get the word out to consumers
2036 to help maximize recall completion rates.

2037 In addition to increasing our own testing, we are
2038 actively supporting the testing work of the automakers and
2039 NHTSA. We also continue to support the work of the
2040 Independent Quality Assurance Panel, led by former Secretary
2041 of Transportation Sam Skinner, and we are continually ramping
2042 up our production of replacement kits. In December we were
2043 producing approximately 350,000 kits per month. We are now
2044 producing more than 700,000, and by September we expect our
2045 monthly production to reach one million units.

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2046 Half of the replacement kits we shipped last month
2047 contained inflators made by other suppliers, and by the end
2048 of the year we expect that to reach 70 percent. We have
2049 confidence in the inflators we are making today, the
2050 integrity of our engineering and manufacturing, and we
2051 believe that, properly made and installed, these inflators
2052 will work as designed to save lives. We will continue to do
2053 everything we can to ensure uncompromised safety, and the
2054 success of the recall efforts, and we will keep Congress,
2055 NHTSA, and the public updated on our progress. Thank you,
2056 Mr. Chairman.

2057 [The prepared statement of Mr. Kennedy follows:]

2058 ***** INSERT B *****

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

|

2059 Mr. {Burgess.} Chair thanks the gentleman. Mr. Kelly,
2060 recognized for 5 minutes for your opening statement, please.

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

|

2061 ^STATEMENT OF DAVID KELLY

2062 } Mr. {Kelly.} Chairman Burgess, Ranking Member
2063 Schakowsky, members of the Subcommittee, thank you for the
2064 invitation to appear before you to discuss the activities of
2065 the Independent Testing Coalition. The ITC is comprised of
2066 10 automakers that have Takata airbags in their passenger
2067 vehicles, and is committed to an independent and
2068 comprehensive investigation of the technical issues
2069 associated with Takata airbag inflators, and look forward to
2070 the results of this process as we focus on the safety,
2071 security, and peace of mind of all motorists. Our primary
2072 goal is to find the root cause of this problem.

2073 As we have started to look at this issue of energetic
2074 disassembling, it is apparent that there is no silver bullet
2075 or easy solution to be found. The public needs to understand
2076 that experts have been studying this problem for years. If
2077 this was anything but the complex project that it is, a root
2078 cause would have been identified by now. Unfortunately, that
2079 is not the case, and a final determination is not imminent.

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2080 We have devised a detailed testing plan that, when
2081 completed, will examine every identified aspect of this
2082 problem. We will conduct more--we will conduct tens of
2083 thousands of chemical tests alone. This will be supplemented
2084 by a similar number of non-destructive tests, and many
2085 thousands of advanced computer simulation runs. In addition,
2086 there will be a significant amount of data generated from our
2087 tests that then must be analyzed. This issue is too
2088 important for any stone to be left unturned.

2089 I do want to stress that we intend to conduct our
2090 investigation in an independent manner. We will work with
2091 Takata, we will work with NHTSA, we will work with all the
2092 affected parties, but we will conduct this investigation in
2093 an independent manner. We very much appreciate any input and
2094 suggestion from all the parties, but we will do our own
2095 analysis of others' data and testing procedures. When we
2096 finish our investigation, we do intend to make our findings
2097 public. Thank you.

2098 [The prepared statement of Mr. Kelly follows:]

2099 ***** INSERT C *****

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

|

2100 Mr. {Burgess.} Chair thanks the gentleman. Chair
2101 recognize Mr. Bainwol. 5 minutes for your testimony, please.

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

|

2102 ^STATEMENT OF MITCH BAINWOL

2103 } Mr. {Bainwol.} Chairman Burgess, Ranking Member
2104 Schakowsky, members of the Subcommittee, thanks for this
2105 opportunity. On behalf of the 12 leading global--on behalf
2106 of 12 leading global OEMs, including the U.S. companies, and
2107 nine European and Japanese-based companies, I appreciate this
2108 opportunity to testify. I would like to make four summary
2109 points. First, your hearing today is timely and welcomed,
2110 and we are fully committed to doing our part to successfully
2111 complete this recall, while continuing to build on the very
2112 significant safety advances of recent years. The magnitude
2113 of the Takata airbag recall is unprecedented and global.
2114 There are no easy answers, or quick fixes. That is why we
2115 support Administrator Rosekind's decision to use NHTSA
2116 authority to organize and prioritize affected manufacturers
2117 remedy programs. We all want a clear, unified approach. We
2118 share this Committee's frustration. It is very difficult for
2119 us to be able to tell our customers, your constituents, how
2120 long this will take to be fully resolved.

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2121 Second, though the logistics in a global economy with
2122 about 80 million units sold each year around the world are
2123 highly complex, and there are legal impediments to the
2124 industry-led coordination, the key challenge of most recalls
2125 is more basic, and that is getting consumers to take
2126 advantage of the free fix, especially in order vehicles. The
2127 average consumer participation rate for light vehicle recalls
2128 after about a year and a half is 83 percent for newer
2129 vehicles, but falls to 44 percent for vehicles 5 to 10 years
2130 old, and falls further to 15 percent for vehicles older than
2131 10 years.

2132 Because of these concerns, our members have tasked the
2133 alliance to conduct the most intensive public opinion
2134 research ever on recalls to learn what motivates some
2135 consumers to respond, and why others don't, what motivates
2136 consumers to go into the dealership and get it done, what
2137 messages work, and what messengers are most effective. Work
2138 is underway now, and we will share the results with NHTSA and
2139 you to help forge a multi-pronged effort to strengthen
2140 consumer participation.

2141 Third--context. Recall policy is vitally important, and

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2142 we are committed to strengthening the process for resolving
2143 defects. That said, it is just one piece of the safety
2144 equation, and, as a share of fatalities on the road, a
2145 relatively fractional one. Most fatalities, certainly 90
2146 percent plus, result from human error, principally impaired
2147 driving, and failure to sue seat belts. While we are seeing
2148 profound gains in safety over the last 50 years, and
2149 especially over the last decade, technology does offer the
2150 promise of even greater advances as we build on
2151 crashworthiness, and introduce the idea of crash avoidance
2152 functionality. All the new jargon we hear, driver assist, V
2153 to V, V to X, and ultimately self-driving vehicles, are part
2154 of a continuum that thankfully will save thousands of lives
2155 by helping to compensate for driver error. This isn't
2156 speculation. This is our emerging reality.

2157 Fourth, and finally, let me state the obvious. OEMs are
2158 passionately committed to improving safety, and we are very
2159 proud of the results we have achieved, both because it is the
2160 right thing to do, and because it is good business. Safety
2161 innovation is critical to the competitive landscape. Auto
2162 companies are investing about 100 billion, billion with a B,

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2163 every year in research and development to comply and to
2164 compete, to comply with a various--with various public policy
2165 requirements in the U.S. and elsewhere, and to compete in the
2166 globally dynamic marketplace. That investment is paying off,
2167 and our polling shows that your consumers, that your
2168 customers, your constituents, do see the progress. Relative
2169 to 10 years ago, your constituents say cars are safer by 86
2170 to 5 percent, they get better fuel economy by 89 to 3
2171 percent, and they are of higher quality by 79 to 12 percent,
2172 so the progress is being recognized, and that is terrific.

2173 Thanks for the opportunity to share our thinking. We
2174 stand ready to work with you, and your staffs, to make our
2175 roads as safe as possible.

2176 [The prepared statement of Mr. Bainwol follows:]

2177 ***** INSERT D *****

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

|

2178 Mr. {Burgess.} Chair thanks the gentleman. Chair
2179 recognize Mr. Bozzella. 5 minutes for your statement,
2180 please.

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

|

2181 ^STATEMENT OF JOHN BOZZELLA

2182 } Mr. {Bozzella.} Chairman Burgess, Ranking Member
2183 Schakowsky, members of the Committee, I really appreciate the
2184 opportunity to appear before you today. Global Automakers
2185 represents international automotive manufacturers that
2186 design, build, and sell cars and light trucks in the United
2187 States. Our members sold 43 percent of new vehicles
2188 purchased in the U.S. last year, and produced 40 percent of
2189 all vehicles built here. Individually and jointly, our
2190 member companies are committed to working toward a future in
2191 which there are zero highway fatalities. The safety of
2192 Americans traveling on our roadways remains a priority.

2193 Mr. Chairman, this hearing presents an opportunity to
2194 further this important discussion on improving auto safety.
2195 The Takata recall is an unprecedented situation. The number
2196 of manufacturers, and the number and age of affected vehicles
2197 involved, along with the sophistication and complexity of the
2198 technology, makes this unique. As such, affected automakers
2199 are taking extraordinary measures to locate and communicate

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2200 recall information to vehicle owners so that they know to
2201 take their vehicles in for repair.

2202 Our members have gone far beyond what the law requires.

2203 They are--multiple rounds of recall notices. They are
2204 sending Express Mail to ensure that the notifications are not
2205 discarded. They are using multiple platforms, such as
2206 advertising, social media, and electronic communications.
2207 They are working closely with their dealer networks to ensure
2208 that dealers have the capacity to service vehicles with open
2209 recalls. Additionally, they created the ITC to conduct
2210 independent testing of recalled parts, as led by David Kelly.

2211 Of course, recall campaigns are only one component of
2212 creating a safer driving environment. The Takata recall
2213 highlights the complex nature of the industry and the
2214 challenges we face today. All stakeholders must work
2215 together in the effort to improve vehicle and highway safety.
2216 Critical areas of focus include proper oversight of existing
2217 safety systems, the development and introduction of new
2218 technologies, and driver and passenger behavior. This
2219 Committee, through its authorship of the TREAD Act, has given
2220 NHTSA the ability to require reporting and tracking of safety

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2221 related data that better allows us to identify problems in
2222 the existing fleet of vehicles, and to address and solve
2223 them.

2224 In part, the number of recalls that have occurred in
2225 recent years is evidence that the requirements of the TREAD
2226 Act, NHTSA's ongoing vigilance, and the commitment of the
2227 manufacturers, are advancing the goal of improved vehicle
2228 safety. Automakers are now deploying advanced technologies
2229 which will accelerate the move from crash survival to crash
2230 avoidance, including forward collision warning and braking,
2231 and soon vehicle to vehicle and vehicle to infrastructure
2232 communications. According to the DOT, vehicle to vehicle
2233 communications, when fully deployed, could address 80 percent
2234 of crashes involving unimpaired drivers.

2235 A holistic approach to vehicle and highway safety must
2236 include human behavior, which plays a role in a voluntary
2237 recall system. For newer vehicles, the recall completion
2238 rate is upwards of 80 percent. The completion rate falls
2239 dramatically as vehicles age. This is a key challenge in
2240 resolving the Takata recall, and raises an important
2241 question, are there limits to the success of a voluntary

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2242 system? Global automakers and our members are exploring ways
2243 the industry can achieve better outcomes. We are working
2244 with NHTSA officials, and are happy to talk with you about
2245 new methods for getting useful, effective, and actionable
2246 recall information to our customers, such as including recall
2247 notifications and annual vehicle registration processes.

2248 Mr. Chairman, it is important to keep in mind that
2249 highway safety is improving. This past December, NHTSA
2250 announced that traffic fatalities decreased by 3.1 percent
2251 over the previous year, and by nearly 25 percent since 2004.
2252 However, there is clearly more work to be done. Regarding
2253 the Takata recall, the most important thing we can do right
2254 now is to make sure people are aware of the status of their
2255 vehicle. Every vehicle owner should go to safercar.gov and
2256 enter their VIN, the Vehicle Identification Number, to
2257 determine whether additional action is needed. This needs to
2258 be done now, and it needs to be done several weeks from now,
2259 when manufacturers will have posted the specific VINs of the
2260 vehicles that have just been added to the recall list.
2261 Personally, I did this myself for my vehicle and my
2262 children's vehicle, and it gave me the peace of mind to

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2263 knowing where we are at.

2264 Global automakers and our members will continue to work
2265 toward our mutual goal of 100 percent recall completion, and
2266 zero traffic fatalities. Thank you for the opportunity to
2267 appear before you today.

2268 [The prepared statement of Mr. Bozzella follows:]

2269 ***** INSERT E *****

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

|

2270 Mr. {Burgess.} Chair thanks the gentleman. Chair
2271 thanks the entire panel for their testimony today. We will
2272 move into the question portion of the hearing, and I will
2273 recognize myself for 5 minutes for questions.

2274 I have got a couple of questions that relate to the
2275 propellant in the inflator. And, Mr. Kennedy, I am primarily
2276 going to ask you, but, Mr. Kelly, if you have information,
2277 because of your independent testing role, please feel free to
2278 add. Is--Mr. Kennedy, is Takata the only airbag manufacturer
2279 that uses sodium nitrate in its airbags?

2280 Mr. {Kennedy.} It is ammonium nitrate, sir--

2281 Mr. {Burgess.} I am sorry, ammonium.

2282 Mr. {Kennedy.} --and I believe we are the only one that
2283 uses it as a main propellant. There are other manufacturers
2284 that use it as a supplemental propellant.

2285 Mr. {Burgess.} Is there any other airbag, other than
2286 those manufactured by Takata, that has been--experienced this
2287 energetic disruption, I think you called it, Mr. Kelly?

2288 Mr. {Kelly.} I can't really speak to all--recalls for
2289 the other suppliers, Chairman Burgess. I really don't know

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2290 the answer to that.

2291 Mr. {Burgess.} Well, it is just that we have had, you
2292 know, this is the second hearing that I have been involved in
2293 of--on this issue, and ammonium nitrate just keeps coming up.
2294 I mean, it is a pretty powerful compound, and it just begs
2295 the question, is there a linear relationship between the
2296 ammonium nitrate used as an inflator and these accidents that
2297 are happening?

2298 Mr. {Kennedy.} Well, the studies that we have done, and
2299 the research that we have from some of the leading experts in
2300 the world, seem to indicate that ammonium nitrate is
2301 certainly a factor in the inflator ruptures. There are many,
2302 many other factors. I think you heard Dr. Rosekind talk
2303 about some of them. You have heard Mr. Kelly talk about some
2304 of them. The--takes a long time. As Dr. Rosekind said, 7 to
2305 12 years. It takes high absolute humidity, it takes high
2306 heat.

2307 But what is difficult about the situation is you can put
2308 two inflators in that situation, one of them is fine, and one
2309 of them is not. So that is really what the struggle has been
2310 with getting to the root cause. But ammonium nitrate appears

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2311 to be one of the factors that contributes.

2312 Mr. {Burgess.} So it is--high humidity is an issue. My
2313 understanding is some of these are manufactured with a
2314 desiccant to absorb humidity--

2315 Mr. {Kennedy.} Yes.

2316 Mr. {Burgess.} --which would then go along with a 7 to
2317 12 year timeframe of--presumably the desiccant is going to
2318 get completely used up over some period of time. Is that
2319 correct?

2320 Mr. {Kennedy.} I don't know that it would get complete
2321 used up, sir. It depends on the amount of moisture that is
2322 in a particular inflator, and the amount of desiccant. Many
2323 of our later generation inflators do contain desiccant, along
2324 with ammonium nitrate. We have not seen this issue with
2325 those inflators in the field, so we know that that is a
2326 factor that contributes to the life of the inflator.

2327 Mr. {Burgess.} Does Takata manufacture any airbag that
2328 is used in any make or model of vehicle that uses sodium--I
2329 mean, I am sorry, ammonium nitrate without a desiccant?

2330 Mr. {Kennedy.} Yes. Some of our--some--all of these
2331 inflators that are involved in these issues that we are

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2332 talking about are all ammonium nitrate without desiccant.

2333 Mr. {Burgess.} And are you still manufacturing ammonium
2334 nitrate without a desiccant as the propellant?

2335 Mr. {Kennedy.} For a few platforms that we have not
2336 transitioned out of yet, but we are working to transition out
2337 of them as quickly as possible.

2338 Mr. {Burgess.} So, I am sorry, you go out and buy a
2339 brand new car off the showroom floor, and it could have one
2340 of these instruments in it?

2341 Mr. {Kennedy.} It could have an ammonium nitrate-based
2342 inflator that does not have desiccant, that is correct.

2343 Mr. {Burgess.} Is there any obligation to warn the
2344 consumer that they are buying something that may be
2345 problematic?

2346 Mr. {Kennedy.} Well, the recalls that are in process at
2347 this point are for certain timeframes, certain vehicles,
2348 certain technologies. Those would not be involved in a brand
2349 new vehicle at this point, but that is why we are continuing,
2350 as part of the Consent Order, to test outside of the
2351 boundaries of what is involved in the recall to really
2352 understand what this--what the total scope is.

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2353 Mr. {Burgess.} Well, I am sorry, you are not providing
2354 me much reassurance with that answer. Let me just ask you
2355 this. You said that by September you will be up to a million
2356 units a month--

2357 Mr. {Kennedy.} Yes, and then we will continue to go up
2358 after that as well.

2359 Mr. {Burgess.} But under--just simple math, it is--for
2360 34 million vehicles, I mean, it is almost 3 years as a
2361 timeframe.

2362 Mr. {Kennedy.} Well, it is about--I mean, roughly--the
2363 exact numbers are in the DIRs, but the additional due to
2364 these DIRs is about 16, 17. I don't mean to minimize it. It
2365 is obviously a huge number whichever way you look at it. But
2366 previously there had been about 18 million of that 34 that
2367 have already been under recall. We have supplied over four
2368 million kits already since January of last year, and now, as
2369 I said, we are up to 750,000 a month, going to a million a
2370 month--

2371 Mr. {Burgess.} Okay. Let me just--

2372 Mr. {Kennedy.} --going beyond that.

2373 Mr. {Burgess.} Let me just ask you this. I don't mean

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2374 to interrupt, but my time is up.

2375 Mr. {Kennedy.} That is okay.

2376 Mr. {Burgess.} Are any of the replacement modules that
2377 you are putting--reinstalling in vehicles that are brought in
2378 to have their airbag system changed out, are any of those
2379 ammonium nitrate propellants without desiccants?

2380 Mr. {Kennedy.} Some of them are. As I said, we have
2381 gotten about 50 percent with outside inflators that are non-
2382 ammonium nitrate. On the driver's side, where we have had
2383 most of the issues, as I mentioned in my opening remarks, we
2384 are completely transitioning out of the batwings, and we will
2385 be using either a desiccated inflator without batwings, or we
2386 will be using a competitor's inflator.

2387 Mr. {Burgess.} All right, thank you. My time has
2388 expired. Ms. Schakowsky, 5 minutes for questions, please.

2389 Ms. {Schakowsky.} I want to follow up on the Chairman's
2390 question. You have talked about what are the possible
2391 reasons, including ammonium nitrate perhaps being part of the
2392 cause, and you are saying, if I understand you correctly,
2393 that you are providing replacement bags that have--that are--
2394 have ammonium nitrate without a desiccant?

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2395 Mr. {Kennedy.} Yes, ma'am, that is correct.

2396 Ms. {Schakowsky.} So--I don't understand that. What is
2397 under recall right now?

2398 Mr. {Kennedy.} Certain model years, certain designs, on
2399 certain vehicles.

2400 Ms. {Schakowsky.} But why, if ammonium nitrate may be a
2401 problem, would you, and why would I buy, a--put in--why would
2402 you put it in a car, why would I buy a car that has a
2403 potentially dangerous airbag? I am not understand.

2404 Mr. {Kennedy.} Well, we are working to move away from
2405 those as quickly as we can, but to--in a vehicle, it is not
2406 as easy as just changing the color of the car, or changing a
2407 bolt.

2408 Ms. {Schakowsky.} No, you are--

2409 Mr. {Kennedy.} It is very, very--

2410 Ms. {Schakowsky.} No, I am talking about replacements
2411 now, not even the--

2412 Mr. {Kennedy.} Yes.

2413 Ms. {Schakowsky.} --new cars.

2414 Mr. {Kennedy.} Yes.

2415 Ms. {Schakowsky.} So the replacement could be as

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2416 dangerous as the current, why would you even replace it?

2417 Mr. {Kennedy.} Well, we--as I said, without really
2418 exactly understanding the root cause, and continuing to test
2419 outside of the bounds of what we have already recalled, we
2420 are trying to determine that. We are trying to understand
2421 exactly what are the factors that lead to this, and should we
2422 do something different than what we are doing right now?

2423 We know it does--as you heard Dr. Rosekind say, it takes
2424 7-1/2 to 12 years, so putting in a brand new part is a huge
2425 improvement in safety. And as we continue to test, if it
2426 shows that we need to take additional actions, we will take
2427 additional actions.

2428 Ms. {Schakowsky.} So the--does the recall affect cars
2429 that are over 10 years old?

2430 Mr. {Kennedy.} Yeah, some of them--I think--well, the
2431 original recalls did. These new ones announced, I would have
2432 to look at the DIRs and see, because of that overlap that I
2433 talked about. But some of them go back to as early as I
2434 think 2000, 2001--

2435 Ms. {Schakowsky.} Okay.

2436 Mr. {Kennedy.} --were the first ones involved.

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2437 Ms. {Schakowsky.} My understanding is that you are
2438 doing that of older cars, but you are not required to do so.
2439 So I wanted to ask you if Takada has taken a position on the
2440 Vehicle Safety Improvement Act, H.R. 1181?

2441 Mr. {Kennedy.} No, we have not publicly. I am aware of
2442 the bill. I am not aware of all the particulars in the bill.
2443 But we certainly support any effort that would help improve
2444 the return rate on recalls.

2445 Ms. {Schakowsky.} So let me give you some of the items
2446 in the bill, and see if you would support that. H.R. 1181
2447 would increase the quantity and quality of information shared
2448 by auto manufacturers with NHTSA, the public, and Congress,
2449 specifically requires manufacturers to include in their
2450 quarterly submissions to NHTSA additional information on
2451 fatal incidents possibly caused by a defect, and assess why
2452 the incident may have occurred, and removes the limitation on
2453 the number of model years that should be reported. Is this
2454 something that sounds supportable to you?

2455 Mr. {Kennedy.} Well, it is a little disingenuous for
2456 me, because it is not a requirement for our company to
2457 comment on it. But it would seem like that would be a good

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2458 idea in order to increase the visibility on some of these
2459 issues that have been going on in the field.

2460 Ms. {Schakowsky.} Do you think it would be a good idea
2461 to not limit to 10 years the number of mandatory--of recalls,
2462 asking that cars older than 10 years be part of the required
2463 recall?

2464 Mr. {Kennedy.} Quite frankly, I didn't know there was a
2465 limit of 10 years, because, as I said, some of these vehicles
2466 are 15 years old.

2467 Ms. {Schakowsky.} Would you think that it is a good
2468 idea for NHTSA to have new imminent hazard authority to
2469 expedite recalls related to dangerous defects?

2470 Mr. {Kennedy.} That is, again, a difficult one for a
2471 supplier, I think, to answer. But I think anything that
2472 improves the safety on the road is certainly a step in the
2473 right direction.

2474 Ms. {Schakowsky.} Do you think there is any reason to
2475 support regional recalls, as opposed to national recalls?

2476 Mr. {Kennedy.} Well, you know, obviously ours started
2477 off as a regional recall. And the reason that it was doing--
2478 a couple of reasons it was doing that. Number one was

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2479 because that is what the science and data showed where the
2480 issues were. And there are going to be some cases where, I
2481 think, that is probably correct. And it also helps--

2482 Ms. {Schakowsky.} But people do drive their cars to
2483 other places.

2484 Mr. {Kennedy.} Yes, that is true, but--the other thing
2485 I was going to say, it also helps with getting parts into the
2486 priority areas as quickly as possible, which is part of the
2487 four DIRs that we came to agreement with NHTSA on in the last
2488 couple of weeks.

2489 Ms. {Schakowsky.} Mr. Kennedy, can I work with you as
2490 well, obviously, primarily with the members, but talk to you
2491 about the legislation?

2492 Mr. {Kennedy.} Absolutely.

2493 Ms. {Schakowsky.} Thank you. I yield back.

2494 Mr. {Kennedy.} You are welcome.

2495 Mr. {Burgess.} The Chair thanks the gentlelady. Chair
2496 recognizes the gentlelady from Tennessee. 5 minutes for your
2497 questions, please.

2498 Mrs. {Blackburn.} Thank you, Mr. Chairman. Mr.
2499 Kennedy, I am going to stay right with you. Did you drive a

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2500 car that has a Takata airbag?

2501 Mr. {Kennedy.} Yes, I do.

2502 Mrs. {Blackburn.} You do?

2503 Mr. {Kennedy.} Yes, I do.

2504 Mrs. {Blackburn.} What about your family?

2505 Mr. {Kennedy.} Yes, every one of them.

2506 Mrs. {Blackburn.} Are you concerned--

2507 Mr. {Kennedy.} No, I am not.

2508 Mrs. {Blackburn.} --the safety of those? Okay. I was

2509 listening to your statement, and I think I must have missed

2510 something here, because you talked about manufacturing the--

2511 stopping the manufacture of the batwing airbags, but you

2512 never mentioned the ammonium nitrate. You kind of left the

2513 propellant--

2514 Mr. {Kennedy.} Correct.

2515 Mrs. {Blackburn.} --out of the mix, and then addressed

2516 it with Mr. Burgess a little bit. I want to ask if you agree

2517 with this statement. This is from an explosives expert at

2518 Missouri University of Science and Technology, and he said

2519 the following about ammonium nitrate, it shouldn't be used in

2520 airbags, but it is cheap, unbelievably cheap. Do you agree

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2521 with that statement?

2522 Mr. {Kennedy.} That is unbelievably cheap, or that it
2523 shouldn't be used? Are you--

2524 Mrs. {Blackburn.} Both.

2525 Mr. {Kennedy.} I wouldn't say that it is unbelievably
2526 cheap. I would say it is competitive with some of the other
2527 propellant formulations that are out there, like guanidine
2528 nitrate, which some of our competitors use, and which we use
2529 in some other inflators. I don't think--I mean, it is a
2530 blanket statement that says it should not be used. No, I
2531 don't agree with that, because obviously we use it. We have
2532 had some issues with some of our ammonium nitrate inflators,
2533 but many of them have performed very well.

2534 Mrs. {Blackburn.} Are you an explosives expert?

2535 Mr. {Kennedy.} No, ma'am, I am not.

2536 Mrs. {Blackburn.} You are not?

2537 Mr. {Kennedy.} I am an engineer, but I am not a--

2538 Mrs. {Blackburn.} Okay.

2539 Mr. {Kennedy.} --I am not a chemist, I am not an
2540 explosives expert.

2541 Mrs. {Blackburn.} All right. Then let us go to what

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2542 Ms. Schakowsky was saying. You are still using this, so
2543 isn't it true that ammonium nitrate is a dangerous substance
2544 to be used in airbag inflators?

2545 Mr. {Kennedy.} No, I don't believe it is a dangerous
2546 substance to be used in airbag inflators.

2547 Mrs. {Blackburn.} Okay, you do not believe--

2548 Mr. {Kennedy.} We use phase stabilized ammonium
2549 nitrate. Most of the issues that you hear about ammonium
2550 nitrate are it losing its phase stabilization.

2551 Mrs. {Blackburn.} All right. Then isn't it true that
2552 ammonium nitrate is cheaper than other compounds, such as
2553 tetrazole?

2554 Mr. {Kennedy.} Probably--maybe tetrazole, but at the
2555 time when we started to use ammonium nitrate, there--the
2556 competing material out there was guanidine nitrate.

2557 Mrs. {Blackburn.} Okay.

2558 Mr. {Kennedy.} And those two are very similar in cost.
2559 There is not a huge--

2560 Mrs. {Blackburn.} Okay.

2561 Mr. {Kennedy.} --difference between those.

2562 Mrs. {Blackburn.} You are an engineer, and isn't it

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2563 true that your own engineers at Takata warned you about using
2564 ammonium nitrate?

2565 Mr. {Kennedy.} Well, I--from some of the newspaper
2566 articles I have read, I assume you are referring to Mr.
2567 Lillie's comments, is that correct?

2568 Mrs. {Blackburn.} Mr. Britton and Mr. Lillie.

2569 Mr. {Kennedy.} Okay.

2570 Mrs. {Blackburn.} Yes.

2571 Mr. {Kennedy.} And what I can tell you is this. Every
2572 development program, every product that any supplier every
2573 makes, there is always a spirited debate about what are the
2574 right components, what is the right design, what--and there
2575 are tradeoffs on all of those things. The previous materials
2576 that we used for propellant was sodium azide. Sodium azide
2577 was extremely toxic. It also had the unwanted effect that,
2578 when it was deployed, it did not burn very cleanly, and there
2579 was a lot of effluent that were put into the vehicle, and a
2580 lot of people that had respiratory issues were bothered by
2581 those.

2582 So we, you know, every propellant, every design, there
2583 is always a spirited debate--

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2584 Mrs. {Blackburn.} Okay.

2585 Mr. {Kennedy.} --and you can probably find people--

2586 Mrs. {Blackburn.} All right.

2587 Mr. {Kennedy.} --always on one side--

2588 Mrs. {Blackburn.} I get that. I want--

2589 Mr. {Kennedy.} --and not on--

2590 Mrs. {Blackburn.} --to move on--

2591 Mr. {Kennedy.} --the other.

2592 Mrs. {Blackburn.} --because I am about to run--

2593 Mr. {Kennedy.} Okay.

2594 Mrs. {Blackburn.} --out of time here. Okay. Given

2595 that you are recalling cars that may have already been

2596 repaired, have there been any field incidents reported in

2597 inflators that were installed as parts, any of the remedy

2598 situations? Have you had any occurrences with those?

2599 Mr. {Kennedy.} Not that I am aware of, ma'am.

2600 Mrs. {Blackburn.} So all of the replacement parts have

2601 performed 100 percent satisfactorily in the cars in which

2602 they have been installed?

2603 Mr. {Kennedy.} Well, what I said was I am not aware of

2604 any of the replacement parts--

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2605 Mrs. {Blackburn.} Would you double check that and get
2606 back to us--

2607 Mr. {Kennedy.} Yes, ma'am, I will.

2608 Mrs. {Blackburn.} --and let us know? What does Takata
2609 believe we know from testing today that we didn't know a year
2610 ago?

2611 Mr. {Kennedy.} We know a lot, and not just from our
2612 testing. I know I heard some of the gentlemen refer to the
2613 Fraunhofer report which was released. We brought Dr. Noits
2614 from the Fraunhofer Institute into our facility in February.
2615 We brought a team from NHTSA in.

2616 Mrs. {Blackburn.} What kind of changes are you making
2617 with that information, then, if you are still using the
2618 propellant that is a problem?

2619 Mr. {Kennedy.} Well, as I said, we do have later
2620 designs to use desiccant. That is one of the things that has
2621 been proven to improve the situation. We also have alternate
2622 propellants now with guanidine nitrate that we have--we
2623 started production a year or 2 ago, and we are continuing to
2624 ramp those up. I think overall you will see our production
2625 of ammonium nitrate go down rapidly.

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2626 Mrs. {Blackburn.} I yield back.

2627 Mr. {Burgess.} Gentlelady yields back. Chair thanks
2628 the gentlelady, and the Chair recognizes the gentleman from
2629 Massachusetts. 5 minutes for your questions, please.

2630 Mr. {Kennedy of Massachusetts.} Thank you, Chairman.
2631 Thank you to the witnesses for being here. I apologize, I
2632 had to step out, but glad to come back. Mr. Kennedy, you
2633 indicted that you expect that the use of ammonium nitrate
2634 would decrease. Why--in your--in the future. Why is that?

2635 Mr. {Kennedy.} Well, it is certainly got a bad
2636 reputation through all of this, and it--as I said, it is one
2637 of the contributing factors that everyone believes is
2638 involved in this issue.

2639 Mr. {Kennedy of Massachusetts.} Can you--

2640 Mr. {Kennedy.} So--sorry.

2641 Mr. {Kennedy of Massachusetts.} Can you, sir, signify
2642 that--or guarantee that as long as ammonium nitrate is used
2643 in those products, the products are safe?

2644 Mr. {Kennedy.} I am sorry?

2645 Mr. {Kennedy of Massachusetts.} Can you guarantee that
2646 as long ammonium nitrate is used in those products, that the

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2647 products are safe?

2648 Mr. {Kennedy.} Well, we believe properly manufactured
2649 and designed ammonium nitrate, phase stabilized ammonium
2650 nitrate, can be done properly.

2651 Mr. {Kennedy of Massachusetts.} So the--I guess--you
2652 indicated in your testimony--your written testimony a little
2653 while ago that, in certain circumstances, these conditions
2654 can result in an alternation in the propellant wafers in the
2655 inflators that could potentially lead to overaggressive
2656 combustion.

2657 Mr. {Kennedy.} Right.

2658 Mr. {Kennedy of Massachusetts.} And so it is--your
2659 statement, though, is that if it is properly manufactured,
2660 and then under the right circumstances, those conditions
2661 would not exist?

2662 Mr. {Kennedy.} Well, we have seen those in very rare
2663 cases, and that is--goes back to the root cause discussion we
2664 were having a little bit earlier. We do not have the
2665 definitive root cause. We know a lot, and we know a lot more
2666 than we did in December, based on all the testing that we
2667 have done, and all the testing that our outside experts have

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2668 done.

2669 Mr. {Kennedy of Massachusetts.} So the testing that you
2670 have done has indicated that, if I understand you correctly,
2671 and please correct me if I don't, but--is the ammonium
2672 nitrate, or the substances used in the production of these
2673 wafers, and--then, under certain conditions of humidity and
2674 heat over time could lead to a malfunction--

2675 Mr. {Kennedy.} Could lead to--

2676 Mr. {Kennedy of Massachusetts.} --in a crash?

2677 Mr. {Kennedy.} --correct.

2678 Mr. {Kennedy of Massachusetts.} Could lead to? But
2679 that---and that you are going to--your plans are to phase out
2680 the use of ammonium nitrate in your products?

2681 Mr. {Kennedy.} Well, we have been phasing that down,
2682 and phasing later propellants, but a lot of them, even some
2683 of the ammonium nitrate ones, were with desiccant. We had
2684 gone from non-desiccated ammonium nitrate to desiccated
2685 ammonium nitrate, and now we are moving to a--what is called
2686 a guanidine nitrate.

2687 Mr. {Kennedy of Massachusetts.} And the guanidine
2688 nitrate you said is a similar cost?

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2689 Mr. {Kennedy.} A similar cost, yeah.

2690 Mr. {Kennedy of Massachusetts.} So then why not adopt
2691 it earlier?

2692 Mr. {Kennedy.} You know, it was--we made investments in
2693 order to process ammonium nitrate. We were having good
2694 success with ammonium nitrate. It was competitive. As I
2695 said, it had a number of these other advantages to it that
2696 our customers enjoyed, so it was not something that, until
2697 some of these recent issues, really thought, and gave us a
2698 reason to re-think it.

2699 Mr. {Kennedy of Massachusetts.} Some fairly significant
2700 disadvantages of late, though, yes?

2701 Mr. {Kennedy.} I am sorry?

2702 Mr. {Kennedy of Massachusetts.} Some fairly significant
2703 disadvantages of late, though, I would--

2704 Mr. {Kennedy.} Yes, sir.

2705 Mr. {Kennedy of Massachusetts.} So--and then, sir, I
2706 think you tried to touch on this, but forgive me if I am
2707 still a little bit confused, I--in an article in the New York
2708 Times yesterday, indicated that--the headline, I believe,
2709 says, Takada says it will no longer make side-inflator linked

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2710 to airbag defect.

2711 Mr. {Kennedy.} I am sorry, what did that say?

2712 Mr. {Kennedy of Massachusetts.} Takata says it will no
2713 longer make side-inflator linked to airbag defect, and
2714 basically says that you--

2715 Mr. {Kennedy.} I--

2716 Mr. {Kennedy of Massachusetts.} --will not be using
2717 ammonium nitrate. There was another piece in another
2718 newspaper I saw today saying that ammonium nitrate still
2719 would be manufactured. And a piece in Reuters that I think
2720 said that it wasn't going to be in, then the piece was
2721 withdrawn. So can you try to clarify for me, is ammonium--

2722 Mr. {Kennedy.} Yeah.

2723 Mr. {Kennedy of Massachusetts.} --nitrate still being
2724 used in the products, and should people--what should people
2725 do? Do they have--can they have confidence in the airbag
2726 product that is going into the cars--

2727 Mr. {Kennedy.} Yeah. I am glad you asked that
2728 question. There was a lot of confusion yesterday once our
2729 written testimony was released.

2730 Mr. {Kennedy of Massachusetts.} Both cited your rest--

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2731 written testimony. One said that you are, and one said you
2732 are not--

2733 Mr. {Kennedy.} Yeah.

2734 Mr. {Kennedy of Massachusetts.} --so--

2735 Mr. {Kennedy.} Well, yeah, it--

2736 Mr. {Kennedy of Massachusetts.} I appreciate the
2737 clarification.

2738 Mr. {Kennedy.} It is a long story. We have had people
2739 working on that since it came out. As I think I mentioned
2740 earlier, we are continuing to use ammonium nitrate in our
2741 propellants, phase stabilized ammonium nitrate, both with and
2742 without desiccant, but we--there are not many without
2743 desiccant that are still out there.

2744 Mr. {Kennedy of Massachusetts.} Okay.

2745 Mr. {Kennedy.} What we did say we were going to quit
2746 making were these batwing shaped inflators, because that
2747 seemed to be, again, one of the issues that we have seen from
2748 all the testing that we have done. It is more prevalent in
2749 the batwing propellant wafers.

2750 Mr. {Kennedy of Massachusetts.} Okay. Given that, I
2751 only have about 30 seconds left. I will stop going forward,

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2752 and, Mr. Chairman, I will yield back. Thank you. Thank you
2753 to the witness.

2754 Mr. {Kennedy.} You are welcome.

2755 Mr. {Burgess.} The gentleman yields back. The Chair
2756 thanks the gentleman. Recognize the gentleman from New
2757 Jersey, Mr. Lance. 5 minutes for your questions, please.

2758 Mr. {Lance.} Thank you, Mr. Chairman. Good afternoon
2759 to you all, gentlemen. I was at the hearing in December. I
2760 was the Vice Chair then, as I am now. Mr. Terry was in the
2761 Chair in December.

2762 I quote from the transcript, Mr. Kennedy, directly from
2763 the transcript of the December hearing on this matter. I had
2764 asked your colleague, Mr. Shimizu, about this whole matter,
2765 and I had stated, ``Takata's current view, based upon
2766 reliable information, does not support a nationwide
2767 determination of a safety defect in all vehicles equipped
2768 with the subject driver side inflators. This is not the view
2769 of the agency at the Federal Government''--obviously NHTSA--
2770 ``that protects the American people, and so you are
2771 dramatically and diametrically in opposition to the view of
2772 NHTSA. Is that accurate?''

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2773 And then Mr. Shimizu discussed this with his colleagues,
2774 there was a translation problem, but he then answered the
2775 question, and he said, quote, and this is direct quote from
2776 the transcript, ``Yes, correct, that is our statement.' ' And
2777 then I went on to say, ' 'In conclusion, and we will be asking
2778 this of NHTSA later in the hearing, on November 26 NHTSA
2779 demanded a national recall' '--and, of course, that was not
2780 the view of Takata at that time. What has changed, Mr.
2781 Kennedy, between then and now?

2782 Mr. {Kennedy.} Much has changed, much. At that--

2783 Mr. {Lance.} There has been one additional death.

2784 Mr. {Kennedy.} There was the one additional death that
2785 we are aware of--

2786 Mr. {Lance.} That certainly has changed.

2787 Mr. {Kennedy.} --in Texas. That was, as I think was
2788 also mentioned, was a vehicle that had been recalled 4 years
2789 ago, unfortunately.

2790 Mr. {Lance.} But not to the owner. This was a
2791 subsequent owner.

2792 Mr. {Kennedy.} I know, and that is--

2793 Mr. {Lance.} That is an important factor for the

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2794 American people to know, Mr.--

2795 Mr. {Kennedy.} It is a very important factor. A very
2796 important factor, I agree with you. But back to your
2797 original question of what has changed, at that time we had, I
2798 think, 8,000 tests done. Now we have got 50,000 tests done.
2799 We have seen some patterns start to emerge in some of the
2800 testing and the data that we have accumulated. That is what
2801 has led us--and all of the other testing and analysis has
2802 been done by outside experts. We have hired experts--I think
2803 you have seen the Fraunhofer report now.

2804 Mr. {Lance.} Yes. I was the person who quoted.

2805 Mr. {Kennedy.} Yeah.

2806 Mr. {Lance.} Moving on, the issue of ruptures was first
2807 known by Takata in 2004, and the first six deaths I believe
2808 occurred approximately in 2009, and so this has been an
2809 ongoing problem of great significance. In the last 6 months
2810 how much have you been fined? I believe it is \$14,000 a day.
2811 How much in total have you been fined, Mr. Kennedy?

2812 Mr. {Kennedy.} I think Dr. Rosekind answered that. I
2813 think it was--

2814 Mr. {Lance.} I am asking for your answer, Mr. Kennedy.

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2815 Mr. {Kennedy.} I believe it--totals up to about 1.2
2816 million.

2817 Mr. {Lance.} And have you paid that?

2818 Mr. {Kennedy.} To my knowledge, no.

2819 Mr. {Lance.} And why is that?

2820 Mr. {Kennedy.} That is part of the discussion and
2821 negotiation with NHTSA. They have agreed to suspend it as
2822 part of the Consent Order, and--but they have reserved the
2823 right to incur further penalties as they see fit.

2824 Mr. {Lance.} Now, based upon your testimony to the
2825 Chairman, and to the Ranking Member, is it possible that
2826 replacement airbags will continue to have ammonium nitrate in
2827 them?

2828 Mr. {Kennedy.} Yes, sir, they will. Some of them will.

2829 Mr. {Lance.} And you are confident that they will be
2830 safe for some period of time, or an extended period of time?

2831 Mr. {Kennedy.} We feel that they are safe, and that is
2832 why as--again, as part of the Consent Order, we are
2833 continuing to test outside of the scope of the recalls, and
2834 we are continuing to test to make sure that the remedy parts
2835 are safe.

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2836 Mr. {Lance.} Should those who are having an airbag
2837 replaced ask whether or not their new airbag will contain
2838 ammonium nitrate, and perhaps ask for a different replacement
2839 airbag?

2840 Mr. {Kennedy.} I am--I have--not really sure how to
2841 answer that, sir.

2842 Mr. {Lance.} And are there new automobiles fresh off
2843 the assembly line that contain ammonium nitrate airbags?

2844 Mr. {Kennedy.} Yes, there are.

2845 Mr. {Lance.} Thank you.

2846 Mr. {Kennedy.} You are welcome.

2847 Mr. {Lance.} Mr. Bozzella, you indicate that the rate
2848 of compliance with recalls drops dramatically. And did I
2849 hear you right that it is 15 percent for older vehicles, and
2850 could you explain exactly the years involved where it would
2851 be as low as 15 percent?

2852 Mr. {Bozzella.} Yeah. I don't know that I mentioned
2853 exactly the numbers--

2854 Mr. {Lance.} Perhaps you did.

2855 Mr. {Bozzella.} --but the--you are exactly right,
2856 Congressman. The trend is that further out into the

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2857 ownership--

2858 Mr. {Lance.} Yeah.

2859 Mr. {Bozzella.} --of the--of a vehicle, the recall
2860 completion rate is lower.

2861 Mr. {Lance.} Um-hum.

2862 Mr. {Bozzella.} If the question is why is that, second
2863 and third owners--

2864 Mr. {Lance.} Yeah.

2865 Mr. {Bozzella.} --these vehicles are often owned by
2866 second and--

2867 Mr. {Lance.} Yes.

2868 Mr. {Bozzella.} --third owners--

2869 Mr. {Lance.} Yes.

2870 Mr. {Bozzella.} --they are difficult--

2871 Mr. {Lance.} Yes.

2872 Mr. {Bozzella.} --to find, and so the manufacturers are
2873 doing everything they can right now, working very hard to
2874 increase those completion--

2875 Mr. {Lance.} Thank you. In conclusion, because my time
2876 has expired, I am concerned about those who have vehicles
2877 that they have purchased not new. This would be people who

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2878 might not be aware, necessarily, to the greatest extent of
2879 someone who has purchased a new automobile. We want to
2880 protect all of the American people, and this is of great
2881 concern. And I want to work with you and others, and the
2882 Committee, to make sure that all Americans are protected.
2883 Thank you, Mr. Chairman.

2884 Mr. {Burgess.} Chair thanks the gentleman, gentleman
2885 yields back. Chair recognizes the gentlelady from New York,
2886 Ms. Clarke. 5 minutes for your questions, please.

2887 Ms. {Clarke.} I thank you very much, Mr. Chairman. I
2888 thank our panelists. The day before the Subcommittee's
2889 hearing in December, Takata sent a letter to NHTSA in which
2890 the company rejected a national recall. Part of the stated
2891 reason of--for rejecting the national recall was Takata's
2892 contention that it was not required by law to make a good
2893 faith determination of whether its product contained a safety
2894 related defect, or to conduct a recall because Takata is not
2895 a manufacturer of motor vehicles, or of replacement
2896 equipment.

2897 Mr. Kennedy, this question was asked of Mr. Shimizu in
2898 December, but I want to hear from you now, do you agree with

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2899 that statement made by your company in December?

2900 Mr. {Kennedy.} It sounds like a lot of legal talk to
2901 me. I am certainly not a lawyer.

2902 Ms. {Clarke.} It is not legal. It is very simple. It
2903 says here that it is your contention that you are not
2904 required by law to make a good faith determination of whether
2905 a product is contained a safety related defect, or to conduct
2906 a recall because Takata is not a manufacturer of motor
2907 vehicles, or of replacement equipment.

2908 Mr. {Kennedy.} I really don't know the answer to that.
2909 I would have to do a little bit of research and get back with
2910 you on--

2911 Ms. {Clarke.} All right, very well. By entering into
2912 the Consent Order with NHTSA, it is my understanding that
2913 Takata has submitted to NHTSA's jurisdiction. Is that
2914 correct?

2915 Mr. {Kennedy.} I believe that would probably be the
2916 proper term.

2917 Ms. {Clarke.} That is correct?

2918 Mr. {Kennedy.} We have come to an agreement with NHTSA.

2919 Ms. {Clarke.} So that is correct?

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2920 Mr. {Kennedy.} Yes.

2921 Ms. {Clarke.} Very well. Do you know--do you now agree
2922 that Takata is subject to the jurisdiction of NHTSA, at least
2923 as to the laws and regulations related to safety related
2924 defects?

2925 Mr. {Kennedy.} Again, I--it is an area of the--you are
2926 asking me a law question that I am not really properly
2927 qualified to answer. I could certainly look into it and get
2928 back with you. I mean--but certainly we recognize NHTSA's
2929 authority, if that is really the question that you are
2930 asking, and we have worked very hard with NHTSA, especially
2931 over the past 3 or 4 months, to come to the agreement on the
2932 consent agreement, the preservation order, the DIRs--

2933 Ms. {Clarke.} So let me ask you this, do you now agree
2934 that Takata is required to decide in good faith whether your
2935 products contain a safety related defect?

2936 Mr. {Kennedy.} Well, we did--we clearly did say, in the
2937 DIRs, that a defect may arise in some of the subject parts.
2938 So I guess the answer to that question would be yes.

2939 Ms. {Clarke.} Mr. Kennedy, is Takata paying for all of
2940 the replacement airbags?

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2941 Mr. {Kennedy.} I am not sure what you mean by--are we--

2942 Ms. {Clarke.} Yeah.

2943 Mr. {Kennedy.} We are selling them.

2944 Ms. {Clarke.} Well, there are airbags that now need to
2945 be replaced--

2946 Mr. {Kennedy.} Correct.

2947 Ms. {Clarke.} --right? Are you paying for them?

2948 Mr. {Kennedy.} We are working with each one of the OEM--
2949 --each one of our automaker customers to discuss financial
2950 responsibility, and we are--

2951 Ms. {Clarke.} What does that mean?

2952 Mr. {Kennedy.} That means that we are having
2953 discussions with each one of the--

2954 Ms. {Clarke.} So you are not paying for them?

2955 Mr. {Kennedy.} I wouldn't say that we are paying 100
2956 percent for everything with every automaker.

2957 Ms. {Clarke.} So you are negotiating what you will pay
2958 and what you won't?

2959 Mr. {Kennedy.} Which is a normal course of business
2960 on--

2961 Ms. {Clarke.} I am just asking.

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2962 Mr. {Kennedy.} Yes. It is a normal course of business
2963 in the automotive--

2964 Ms. {Clarke.} A New York Times article from May 20
2965 stated that Takata said automakers shared the blame for this
2966 massive recall because ``testing specifications prescribed by
2967 the vehicle manufacturers failed to uncover faults.'' Is
2968 that correct?

2969 Mr. {Kennedy.} That was one of the conclusions from the
2970 Fraunhofer report that was--

2971 Ms. {Clarke.} But is that correct?

2972 Mr. {Kennedy.} We believe that is correct.

2973 Ms. {Clarke.} Okay. Can you explain that statement a
2974 little bit more?

2975 Mr. {Kennedy.} Yeah. What it means is, whenever a
2976 supplier provides a product to an automaker, there is a
2977 specification that you are required to meet. There is a
2978 certain set of tests that you have to run, a certain quantity
2979 of tests that you have to run, and we do that. And as a
2980 general rule, you know, we do that with every new product, we
2981 review it with the OEM, and they sign off on it and say, yes,
2982 we accept this, or no, we don't. And these products went

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2983 through that process.

2984 So what we are--what the report was trying to say is
2985 that the specifications that were out there at the time
2986 don't--did not capture the issues that we are seeing in the
2987 field today.

2988 Ms. {Clarke.} So you are saying the manufacturers
2989 failed to uncover the faults, so--

2990 Mr. {Kennedy.} What we are saying is the specifications
2991 that we tested to, and provided parts to, did not encompass
2992 the scope of this problem.

2993 Ms. {Clarke.} And so they--because--you are saying that
2994 they failed to uncover these faults?

2995 Mr. {Kennedy.} I am not--I am maybe not going to
2996 quibble about the wording, but that is exactly--I mean, that
2997 is what--

2998 Ms. {Clarke.} So you are not taking any
2999 responsibility--

3000 Mr. {Kennedy.} No, ma'am, that is not what I said at
3001 all.

3002 Ms. {Clarke.} Okay.

3003 Mr. {Kennedy.} That is not what I said at all.

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

3004 Ms. {Clarke.} Okay. So you are saying they share the
3005 blame because they should have uncovered the faults during
3006 this--

3007 Mr. {Kennedy.} Well, I am--

3008 Ms. {Clarke.} --testing of specifications? That is--

3009 Mr. {Kennedy.} What I am saying is that, in the
3010 automotive industry, products are developed to meet
3011 specifications. Typically, if you meet the specification,
3012 you provided a part that is acceptable.

3013 Ms. {Clarke.} Thank you, Mr. Kennedy.

3014 Mr. {Kennedy.} You are welcome.

3015 Ms. {Clarke.} Yield back, Mr. Chairman.

3016 Mr. {Burgess.} Gentlelady, Mr. Bainwol was trying to
3017 provide an answer for you as well.

3018 Ms. {Clarke.} Okay.

3019 Mr. {Burgess.} With unanimous consent, Mr. Bainwol be
3020 allowed to answer.

3021 Ms. {Clarke.} Thank you, Mr. Chairman.

3022 Mr. {Bainwol.} I appreciate that, Mr. Chairman, and I
3023 say this not as a lawyer, or an engineer, or someone who
3024 negotiates these contracts, but the specs that are let out

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

3025 when a contract like this is negotiated relate to performance
3026 specifications, and do not relate to the fundamental notion
3027 that the product should be safe. You know, this is about the
3028 form of the deployment, and items like that, in terms of
3029 which cars it is going to be appropriately fitted for, but
3030 there is an understanding that the supplier will provide a
3031 product that complies with FMBSS. And part of that is making
3032 sure that the controlled explosion is a controlled explosion.

3033 Ms. {Clarke.} Thank you, Mr. Chairman.

3034 Mr. {Burgess.} Gentlelady yields back. The Chair
3035 thanks the gentlelady. Chair thanks Mr. Bainwol. Mr.
3036 Guthrie, you are recognized for 5 minutes for questions,
3037 please.

3038 Mr. {Guthrie.} Thank you very much. Mr. Kennedy, I
3039 guess I will direct this at you as well. I guess I am
3040 understanding--if you really don't know the root cause, then
3041 you really don't know if the product that failed was
3042 manufactured to specification. Now, the tests might have met
3043 specification, but you really--I mean, you--was it
3044 manufactured to specification, and it failed anyway, so
3045 therefore the specification came from the OEM was the issue,

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

3046 or--I mean, if you don't know the root cause, you don't
3047 really know the answer then, I guess, yeah?

3048 Mr. {Kennedy.} Yeah, that is part of the difficulty
3049 that we have with this issue. And I think you have heard Mr.
3050 Kelly talk about, you have heard Dr. Rosekind talk about it.
3051 It is a very multifaceted, very complex issue as to what is
3052 going on. And there are different types of inflators. You
3053 heard I think Dr. Rosekind say 10 different inflator types
3054 involved in this.

3055 Mr. {Guthrie.} Um-hum.

3056 Mr. {Kennedy.} And one of them, and the parts that we
3057 have gotten back in the past few months, we have seen what
3058 looks like a manufacturing defect that we think allowed
3059 moisture into the inflator. That is on one of those. The
3060 other ones, we haven't been able to make that determination.

3061 So, I mean, we have expended a lot of effort with a lot
3062 of experts--

3063 Mr. {Guthrie.} Yes, sir, that is--

3064 Mr. {Kennedy.} --to try to get to that, but,
3065 unfortunately, we have not yet got to a definitive root cause
3066 across every one of these inflators.

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

3067 Mr. {Guthrie.} And that leads--I understand. I am in
3068 the automotive--that is what my background is, automotive
3069 industry. So you get the product specifications, the
3070 blueprint, and you meet to that--

3071 Mr. {Kennedy.} Right.

3072 Mr. {Guthrie.} --and you ship to that. And if they
3073 fell within the specification, then that is an engineering
3074 issue. If you didn't manufacture to the specification, that
3075 is your issue. And--

3076 Mr. {Kennedy.} Right.

3077 Mr. {Guthrie.} --seems like you don't know exactly
3078 where that is. But, following on what my friend from
3079 Tennessee, Ms. Blackburn, was talking about, I mean, if you
3080 don't know the root cause, and this is a question I don't
3081 know if we got a good answer to, how do you know the
3082 replacement parts or--that they bring in for the recall are
3083 not going to fail? I mean, how--what is the surety of that?

3084 Mr. {Kennedy.} Well--

3085 Mr. {Guthrie.} And I think Mr. Lance actually asked--
3086 tried to get to that as well.

3087 Mr. {Kennedy.} Yes, and that is a very good question.

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

3088 Many of the replacement parts that we are using are different
3089 designs now. Everything on the driver's side will be a
3090 completely different design. As I said, about 50 percent of
3091 what we shipped last month were with our competitor's
3092 inflators, that do not use ammonium nitrate, and have not
3093 demonstrated issues in the field, to my knowledge. That will
3094 go up to 70 percent here in the next month or so. And so we
3095 are looking to change to different inflator designs, or
3096 alternate designs for the replacement parts as quickly as--

3097 Mr. {Guthrie.} But you are already sending replacement
3098 parts now, right?

3099 Mr. {Kennedy.} We are sending--yeah, and we have been
3100 sending replacement--

3101 Mr. {Guthrie.} So, I mean, how do you know those are--
3102 if you are going to bring in a car for a recall to replace,
3103 how do you know those aren't--

3104 Mr. {Kennedy.} Well, that is the reason that the
3105 Consent Order is written the way that it is, in order to
3106 require that we continue to test the remedy parts, and we
3107 continue to test outside of the scope of the recalls, in
3108 order to make that judgment.

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

3109 Mr. {Guthrie.} But you tested before you shipped the
3110 first product.

3111 Mr. {Kennedy.} We did, yes.

3112 Mr. {Guthrie.} And they passed the tests?

3113 Mr. {Kennedy.} Yes.

3114 Mr. {Guthrie.} And there could be a manufacturing
3115 defect that you did that made them fail, so how do you--so we
3116 don't know? I mean, you don't--until you know the recalls,
3117 you don't know that these replacement parts are not going to
3118 have the same--

3119 Mr. {Kennedy.} We have confidence in the ones we are
3120 making. The process has changed a bit over the years. And,
3121 as I said, a lot of them we are using alternate designs that
3122 really have never experienced issued, to our knowledge. But
3123 there is a percentage of them, and that is exactly why the
3124 Consent Order is written the way that it is, and why we are
3125 continuing to do the testing and the analysis that we are
3126 doing.

3127 Mr. {Guthrie.} Okay. And I think you said earlier you
3128 are shipping--I think I wrote down about 700,000 replacement
3129 kits?

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

3130 Mr. {Kennedy.} Yeah. We shipped 740,000 in May.

3131 Mr. {Guthrie.} And up to a million--and how much are
3132 you shipping daily? I guess you ship daily to the--

3133 Mr. {Kennedy.} Multiple--every day. And we get
3134 multiple trucks back every day with parts back from the
3135 field.

3136 Mr. {Guthrie.} And how are you prioritizing who gets--
3137 is it regional? You are prioritizing--

3138 Mr. {Kennedy.} You know, up to this point, we have been
3139 able to keep up with demand for replacement parts. There are
3140 a couple of part numbers that are on back order right now.
3141 We expect to have that back order completed in the next 2
3142 weeks.

3143 Now, obviously, it is going to expand with this
3144 expansion when the letters start going out to the consumers,
3145 but that is why we are adding additional capacity both
3146 internally--we have got seven new inflator lines coming in
3147 over the next 6 to 12 months. We have got additional
3148 inflator lines going in at our competitor's. We have got
3149 additional kit lines going in in our manufacturing facility.
3150 So we are continuing to ramp up--

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

3151 Mr. {Guthrie.} And you also have to maintain current
3152 production at the same time, right?

3153 Mr. {Kennedy.} We also have to maintain current
3154 production. That is a very good point.

3155 Mr. {Guthrie.} I have a question with the other, since
3156 we have--just--would you all talk about the replacement part,
3157 if it is in your--if you would like to comment on the
3158 replacement kit process that is going on. Is that anything
3159 you guys would like to comment on, or--is that within your
3160 purview?

3161 Mr. {Kelly.} Thank you, Congressman. Yeah, we will be
3162 looking at the replacement parts, and the efficacy of the
3163 replacement parts, as part of our investigation.

3164 Mr. {Bainwol.} And I would simply note that the
3165 complexity of this one is enormous. It is not just the 30,
3166 34 million units in the U.S. There are global issues as
3167 well. And so production, allocation, prioritization are all
3168 hugely significant issues. And that is why we think that, in
3169 this instance, NHTSA was appropriate to assert its
3170 coordination capacity. And there is no other way to solve
3171 this in a fashion that guarantees fairness, and guarantees as

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

3172 expeditious a response as possible, so that is why we have
3173 done that.

3174 Mr. {Bozzella.} I would just add, Congressman, that the
3175 manufacturers are doing what they need to do to take care of
3176 their customers, knowing what they know now.

3177 Mr. {Guthrie.} Thanks a lot, and I appreciate it. And,
3178 you know, I have worked in manufacturing. We didn't have any
3179 what we would call inverted diamond, or safety issues in our
3180 product, but trying to find the root cause--and when you can
3181 recreate the problem, that is when you know you found the
3182 root cause. And we are all anxious to get to that point, so
3183 thank you for--

3184 Mr. {Kennedy.} Yeah. And that has been one of the most
3185 difficult parts of this whole thing, is--as I said, any one
3186 failure is unacceptable to us. But, in the analysis, the
3187 failure rate is so low it is hard to, you know, as you--

3188 Mr. {Guthrie.} Recreate the problem.

3189 Mr. {Kennedy.} --know, turn it on and turn it off. We
3190 just--we haven't been able to do that.

3191 Mr. {Guthrie.} Once you can do that, you know what is
3192 turning it on and turning it off.

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

3193 Mr. {Kennedy.} Then we just want to turn it off, yeah.

3194 Mr. {Guthrie.} Well, we are looking forward to getting
3195 to the bottom of it. Thank you. I yield back.

3196 Mr. {Kennedy.} Thank you.

3197 Mr. {Guthrie.} I am out of time.

3198 Mr. {Burgess.} Chair thanks the gentlemen, gentleman
3199 yields back. Chair recognizes the gentleman from New Jersey.
3200 5 minutes for your questions, please.

3201 Mr. {Pallone.} Thank you, Mr. Chairman. We have been
3202 hearing conflicting reports on whether the--this is for Mr.
3203 Kennedy. We have been hearing conflicting reports on whether
3204 the replacement parts are different than the defective
3205 inflators. Some news reports have talked about a change in
3206 the chemical composition and shape of the propellant used in
3207 the inflators. At the December hearing Mr.--I guess it is
3208 Shimizu--of Takata talked about improvements made to the
3209 manufacturing process in recent years that said the inflators
3210 were the same. So I just wanted to understand this issue a
3211 little better, Mr. Kennedy. Is there any difference between
3212 the replacement inflators and the original defective
3213 inflators?

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

3214 Mr. {Kennedy.} It depends on each one of the different
3215 inflators that you are talking about. As I mentioned, about
3216 50 percent of what we have been sent last month was outside
3217 inflators. Those are obviously completely different than our
3218 original inflators. On the driver's side we will be using
3219 either alternate Takata designs or alternate outside for
3220 everything. And the driver's side is the one that has had
3221 the most issues, and the most severe issues.

3222 On the passenger sides, right now there are a percentage
3223 of those that are outside inflators, but there is still a
3224 percentage that are the same design inflator that was in the
3225 original modules, but, obviously, manufactured at a later
3226 time.

3227 Mr. {Pallone.} All right. In Takata's defect
3228 information report to NHTSA regarding PSDI-4 inflators,
3229 Takata notes that, and I quote, ``Continues' '-- ``It continues
3230 to produce a small number of PSDI-4 inflators for use as
3231 remedy parts. Takata intends to cease production of the
3232 subject inflators, including for use as remedy parts.' ' So,
3233 again, when does Takata intend to stop producing the PSDI-4
3234 inflators as replacements?

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

3235 Mr. {Kennedy.} We have a couple of carmakers with some
3236 older vehicles that have not qualified a new inflator yet.
3237 We are working--and they have been working very hard to do
3238 that with us, and with our competitor. And what the plan is
3239 in that DIR is--I think they call it phase four. The phase
3240 four would be to go out and get all of the remedy parts that
3241 we supplied that were of that design, the PSDI-4.

3242 Mr. {Pallone.} But then when that happens, then they
3243 stop producing these PSDI-4 inflators as replacement, what
3244 will Takata use to replace the old ones?

3245 Mr. {Kennedy.} We have--it depends on the vehicle and
3246 the manufacturer. Some of them are our competitor's
3247 inflators. We are buying inflators primarily, I think, on
3248 driver's side for--from TRW and Autoleve, and we also have a
3249 later generation Takata inflator called PSDI-X with desiccant
3250 in it that has proven to be very robust, and some of them
3251 will be in PSDI-X.

3252 Mr. {Pallone.} But then are we are to assume that the
3253 reason Takata is stopping its production of these PSDI
3254 inflators is because they are unsafe?

3255 Mr. {Kennedy.} The PSDI--the batwing propellant

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

3256 geometry was one of the factors that was called out in some
3257 of the testing and the analysis that we have done, and some
3258 of our outside experts have done, as a factor. So, in order
3259 to just eliminate that factor completely, we said we would
3260 quit making that--

3261 Mr. {Pallone.} So you--

3262 Mr. {Kennedy.} We don't make it for production any
3263 longer.

3264 Mr. {Pallone.} You are not sure--

3265 Mr. {Kennedy.} It was only for a replacement part.

3266 Mr. {Pallone.} --but you suspect there could be a
3267 problem?

3268 Mr. {Kennedy.} Correct.

3269 Mr. {Pallone.} Okay. Now, you say you are going to
3270 replace the inflators in four stages. You mentioned, I
3271 guess, that the fourth stage will include subject inflators
3272 previously installed as remedy parts, right?

3273 Mr. {Kennedy.} Yes, sir.

3274 Mr. {Pallone.} Well, will the people that had their
3275 original PSDI-4 inflators replaced with the new PSDI
3276 inflators, say, for example, in December 2014, will they have

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

3277 to have them replaced again?

3278 Mr. {Kennedy.} Anyone that had an inflator replaced
3279 with a PSDI-4 inflator would have to have that replaced
3280 again, yes, that is correct.

3281 Mr. {Pallone.} So I imagine that someone who has
3282 already had their inflator replaced as part of this recall
3283 may not realize that they have had--that that have to have it
3284 replaced again. So how do you plan to communicate that to
3285 the consumer?

3286 Mr. {Kennedy.} You know, that is another great
3287 question, sir, and that is another part of the Consent Order
3288 and agreement we have with NHTSA. We are going to work with
3289 NHTSA, and the automakers, to do a proactive safety campaign.
3290 We have been working with a professional media firm that has
3291 done these kind of things in the past. We know that Honda,
3292 last year, had initiated a--kind of a media campaign where,
3293 like, on your cell phone, if you called up Google, there
3294 would be a banner at the bottom that said check your airbag.
3295 We have talked to Honda. We know what worked, what didn't
3296 work.

3297 So we are--we have 60 days from the Consent Order

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

3298 signing on May 19 to come back with this plan to NHTSA, and
3299 work with the OEMs in order to help increase that visibility,
3300 and get that message out to people whose cars need to come
3301 back in.

3302 Mr. {Pallone.} All right. Thank you. Thank you, Mr.--

3303 Mr. {Kennedy.} You are welcome.

3304 Mr. {Pallone.} --Chairman.

3305 Mr. {Burgess.} Gentleman yields back. Chair thanks the
3306 gentleman. Chair recognizes the gentleman from Houston. 5
3307 minutes for your questions, please.

3308 Mr. {Olson.} Thank you, Mr. Chairman, and welcome to
3309 our witnesses. My first questions are for you, Mr. Kennedy.
3310 One theme that has come through loud and clear at this
3311 hearing from Dr. Rosekind and all of you all is the lack of--
3312 we still don't know about the root cause of these defects.
3313 We have ties to humidity, heat, desiccants, batwings, all
3314 sorts of things, but no root cause, and that bothers me.

3315 The plane I flew in the United States Navy was a P-3
3316 Orion. It was a modified version of the Lockheed L-10 L-182
3317 Electra. That plane had a bad defect. It was called roll
3318 mode. That meant the wings fell off the plane. That was the

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

3319 root cause of two crashes. It is hard to find because those
3320 planes were torn up when they hit the ground. They didn't
3321 know what happened, but yet we found out what happened, found
3322 the root cause, and those planes have been flying for 60
3323 years in our navy.

3324 And so I have heard you say that you know that the--
3325 there is heat, humidity, desiccants, propellants. You have
3326 mentioned there is a tie with--you have some propellants out
3327 there without desiccants, correct?

3328 Mr. {Kennedy.} Correct.

3329 Mr. {Olson.} How many of those, sir, are out there
3330 right now?

3331 Mr. {Kennedy.} I would have to check and get back with
3332 you, sir, but it is a significant number.

3333 Mr. {Olson.} If I am in my home in Houston, Texas,
3334 because we are 95--95 percent humidity and 95 degrees, so we
3335 are ground zero for these problems. How about there? Do I
3336 tell my people back home, guys, they are all here, 100,000
3337 cars, 50,000 cars? Any idea?

3338 Mr. {Kennedy.} No, I do not know the number, sir.

3339 Mr. {Olson.} What is the problem, then, with finding

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

3340 these cars and putting desiccant in there, replacing it with
3341 a desiccant? Make sure--if that is some factor, how about
3342 take that out of the equation? Put that in it right now?

3343 Mr. {Kennedy.} That is--well, that is exactly what we
3344 are doing with every one of those PSDI, PSDI-4, PSDI-4K
3345 inflators.

3346 Mr. {Olson.} Okay. So--

3347 Mr. {Kennedy.} That is exactly what the first DIR is.

3348 Mr. {Olson.} So by the end of this year there will be
3349 no bags out there without some sort of desiccant with their
3350 propellant, correct? With that ammonium nitrate, is that
3351 right?

3352 Mr. {Kennedy.} No, that is not what I am saying, sir.

3353 Mr. {Olson.} But that is a problem. You said that is
3354 one of the problems. We don't know what going out there. I
3355 think it is safe, to me--that is--it is a propellant having
3356 some sort of problem with the humidity and the heat, how
3357 about putting a desiccant with all the propellants? Make
3358 sure that goes out of the equation, maybe find the root
3359 cause?

3360 Mr. {Kennedy.} Or an alternate inflator. That is the

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

3361 plan with the ones that have shown to be issues in the field,
3362 which are these--what we have referred to as PSDI, PSDI-4s.
3363 That is what we are doing. The later inflators that we are
3364 replacing those with will either have desiccant, or they will
3365 be from one of our competitors.

3366 Mr. {Olson.} Okay. My questions now are for the
3367 gentlemen here from the manufacturers. There will be big
3368 costs with these recalls. Who is going to pay for that?
3369 Will it be Takata, the manufacturers, the dealers? I mean,
3370 who is going to pay for all this recall? Mr. Bainwol, any
3371 idea, sir?

3372 Mr. {Bainwol.} I can tell you that consumers do not
3373 pay. So that is the critical point. My hunch is there may
3374 be some debate about who actually bears the costs. I think
3375 our perspective on where that should end up is pretty clear.

3376 Mr. {Olson.} Mr. Bozzella?

3377 Mr. {Bozzella.} Yeah, I would agree with Mr. Bainwol.
3378 I think the consumer will not pay. We need to do--we need to
3379 take care of the customer. Manufacturers need to take care
3380 of the customer, working with the dealers, the suppliers, and
3381 with the regulator to do so.

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

3382 Mr. {Olson.} How about the dealers? What are you
3383 hearing about them about the costs? Because, for example, my
3384 truck had a little small recall notice, and I got that taken
3385 care of when I replaced the oil. So I went there to have,
3386 like, 5 minutes done. I probably was there for about an hour
3387 having something fixed. Any reply from those guys how this
3388 is hurting their business, spending more time on recalls than
3389 actually selling cars and fixing cars they would normally
3390 have to maintain?

3391 Mr. {Bainwol.} Well, the dealers come out whole. They
3392 are--they are reimbursed for the recall. And it is
3393 oftentimes governed by state franchise rules, but they are
3394 made whole.

3395 Mr. {Olson.} And one final question for you, Mr.
3396 Bainwol and Mr. Bozzella. Remember in the first panel I
3397 talked about the last victim of these airbags, a guy named
3398 Carlos Saliz from Spring, Texas. As you know, he bought a
3399 used car, a 2002 Accord, and defect came out, the recall
3400 notice came out in 2011. He got in a crash this year, never
3401 knew that his car was defective. How can you guys help make
3402 sure we track those cars from recall to actual owner so there

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

3403 is not--sort of gap? Because he had no chance to have that
3404 recall notice. He had no idea his car was defective.

3405 Mr. {Bainwol.} It is an important point, and it is one
3406 we are very sensitive too. The fundamental notion with
3407 safety is that it is a shared responsibility.

3408 Mr. {Olson.} Yeah.

3409 Mr. {Bainwol.} We have a piece of it, consumers have a
3410 piece of it, the dealers do. Certainly NHTSA, and certainly
3411 the states. And so we have all got to do a better job of
3412 tracing the ownership so that we can communicate. And that
3413 is one of the reasons why we have gone through this exercise,
3414 as I mentioned in my opening statement, about conducting
3415 research to figure out what makes people go in and get the
3416 job done. We have got to find a way to turn that trigger so
3417 they go in and get the work done.

3418 Mr. {Bozzella.} It is a great question, and I would
3419 simply add to that that is, as I mentioned in my testimony,
3420 that we ought to consider looking at the point at which an
3421 owner registers or re-registers his or her car as a point for
3422 further notification. In the case of the incident that you
3423 mentioned, had that approach or procedure been in place, the-

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

3424 -that owner may have been notified at the point of
3425 registering that used car that there was an open recall. So
3426 we think that merits some--that is worthy of merit.

3427 Mr. {Olson.} Thank you. I am out of time. I yield
3428 back.

3429 Mr. {Burgess.} Chair thanks the gentleman, gentleman
3430 yields back. Chair recognizes the gentleman from Florida,
3431 Mr. Bilirakis. 5 minutes for your--

3432 Mr. {Bilirakis.} Thank you--

3433 Mr. {Burgess.} --questions, please.

3434 Mr. {Bilirakis.} --Mr. Chairman. I appreciate it so
3435 very much, and thank the panel for their testimony.

3436 Mr. Kennedy, can you verify that some cars that were
3437 previously recalled, and supposedly fixed, will have to be
3438 recalled again for a second airbag replacement?

3439 Mr. {Kennedy.} Yes, sir.

3440 Mr. {Bilirakis.} Yes. Do you have any initial numbers
3441 on how many consumers are affected? If not, when will you
3442 know, and how will the consumers be notified?

3443 Mr. {Kennedy.} You mean consumers that would have had
3444 to bring their cars in twice?

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

3445 Mr. {Bilirakis.} Correct.

3446 Mr. {Kennedy.} I don't have that information yet, sir.

3447 As I think Dr. Rosekind said, a lot of the OEM, a lot of the
3448 automakers, are still entering their VINs, and getting the
3449 quantities, and the exact vehicles. So, after that, it would
3450 be easier--

3451 Mr. {Bilirakis.} How do you plan to notify the
3452 consumers?

3453 Mr. {Kennedy.} We are still working on that plan. As
3454 part of the consent, there was--we were given 60 days to
3455 develop this plan, and we certainly want to do it in
3456 conjunction with the automakers. We don't want to do
3457 something that is going to be at odds with the automakers.
3458 So we have, as I mentioned, a media firm that is familiar
3459 with these types of activities. We have some ideas on paper
3460 we are working, and we will certainly be reviewing those with
3461 NHTSA, and having NHTSA's involvement, as well as the
3462 automakers.

3463 Mr. {Bilirakis.} So why weren't these issues dealt with
3464 the first time they were recalled? In other words, why--I
3465 don't--there is just no excuse. It is inexcusable, as far as

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

3466 I am concerned, but give me an answer.

3467 Mr. {Kennedy.} It is--

3468 Mr. {Bilirakis.} Why weren't these issues dealt with
3469 the first time?

3470 Mr. {Kennedy.} It is a fair question, sir, and it is a
3471 difficult question. I think you have heard from a lot of
3472 different people today, it is an extremely complex issues.
3473 There are--when we first started seeing some issues back in
3474 2005, we did national recalls on a large number of parts.
3475 And we thought we had identified root causes, we thought we
3476 had gotten everything from the field, we thought we are doing
3477 all the right things. And then we started seeing these
3478 sporadic issues in the field, and that is what led to the
3479 action that started last year.

3480 So it has been very elusive to us, and it has been very,
3481 very difficult to get a consistent pattern that would tell us
3482 exactly what the root cause is--

3483 Mr. {Bilirakis.} Okay, Mr. Kennedy, let me--I have a
3484 couple more questions.

3485 Mr. {Kennedy.} Okay.

3486 Mr. {Bilirakis.} How can you possibly assure consumers,

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

3487 my constituents, the second replacement will be effective,
3488 and a third replacement will not be necessary?

3489 Mr. {Kennedy.} Well, on most--

3490 Mr. {Bilirakis.} Could you assure my constituents that
3491 will be the case?

3492 Mr. {Kennedy.} I mean, on most of the replacement
3493 parts, as I said, they are going to be later designs, or from
3494 our competitors, when we are putting those in. There are
3495 still a few, and that is why, as part of the Consent Order,
3496 we are still testing the remedy parts to make sure that those
3497 are going to be sufficient for the life of the vehicle, and
3498 why we are continuing to test outside of the ranges of the
3499 recalls that were in the DIRs that were announced a couple of
3500 weeks ago.

3501 So we are trying to cover that. I can't tell you right
3502 now that everything is done, but we are--we have anticipated
3503 that problem, and we have an agreement with NHTSA that allows
3504 us to continue to look at that. And if actions are required,
3505 we will take actions.

3506 Mr. {Bilirakis.} Okay. Since the first airbag inflator
3507 ruptured in 2004, it is true that Takada tested roughly 128

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

3508 airbags from 2004 in--is that correct?

3509 Mr. {Kennedy.} I am not familiar--

3510 Mr. {Bilirakis.} From 2004 to 2008, is that correct?

3511 Mr. {Kennedy.} Yeah. I am not familiar with that

3512 number, sir. I can double check and--

3513 Mr. {Bilirakis.} Please get--

3514 Mr. {Kennedy.} --get back with you.

3515 Mr. {Bilirakis.} --back to me on that.

3516 Mr. {Kennedy.} Yes, I will.

3517 Mr. {Bilirakis.} Do you believe that enough was done to

3518 investigate this issue and bring awareness to consumers on

3519 the potential risk and threat of defective airbags? Was

3520 enough done?

3521 Mr. {Kennedy.} On--you mean on those original ones?

3522 Mr. {Bilirakis.} Yes, the original--

3523 Mr. {Kennedy.} Yes.

3524 Mr. {Bilirakis.} --one.

3525 Mr. {Kennedy.} We were able to identify what we

3526 thought, and what our automaker customers thought, was a very

3527 solid root cause. We had manufacturing data, we had test

3528 data. We were able to recreate the problem. But, clearly,

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

3529 there was something else going on--

3530 Mr. {Bilirakis.} Could more have been done?

3531 Mr. {Kennedy.} Again, I--you could probably always say
3532 more could be done, but what we did, we thought, and our
3533 automaker customers thought, was sufficient to get to root
3534 cause, and to take action, and that is what we did.

3535 Mr. {Bilirakis.} Well, Mr. Bainwol--one last question,
3536 Mr. Chairman. Have any companies requested that Takata
3537 remove ammonium nitrate from the propellant formula used in
3538 the airbag inflators?

3539 Mr. {Bainwol.} That is an answer I don't know the
3540 answer to--question, and I will find out and report back.

3541 Mr. {Bilirakis.} Please get back to us. Thank you very
3542 much. I yield back, Mr. Chairman.

3543 Mr. {Burgess.} Chair thanks the gentleman, gentleman
3544 yields back. Chair recognizes the gentleman from Oklahoma,
3545 Mr. Mullin. 5 minutes for your question, please.

3546 Mr. {Mullin.} Thank you, Mr. Chairman. Mr. Kennedy,
3547 you have--I have actually sat here and enjoyed watching you.
3548 You are very skillful on the way you approach the answers. I
3549 could probably take a lesson or two from that. But, at the

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

3550 same time, we just don't seem to be getting the answers. I
3551 mean, you can tell the frustration that this panel is
3552 getting. We have got a young lady that is sitting over your
3553 shoulder that is bearing the scars of a mistake that was
3554 made, and we are still not getting the answers. I mean, I am
3555 a business owner. I understand when we fell. I understand
3556 when we make a mistake.

3557 Mr. {Kennedy.} Um-hum.

3558 Mr. {Mullin.} But now what? What the solution was is
3559 we did a recall, and we replaced them with other things that
3560 were still faulty? There is no excuse for that. Zero.
3561 Maybe this panel is just looking to hear you say, we screwed
3562 up. But I know that is--cause legal issues for you all. But
3563 a screw up is a screw up. Taking blame is just that.

3564 Mr. {Kennedy.} Well, we--

3565 Mr. {Mullin.} Hey, we messed up. I mean, we heard just
3566 a while ago, who is going to be responsible for this. I
3567 don't know. What do you mean we don't know? Who made the
3568 product? Whose product was it? Whose name was on it? That
3569 is who should pay for it. I just wonder--I--I am sitting
3570 here thinking, well, okay, maybe that is why we haven't been

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

3571 moving very fast, because you haven't took ownership of it.

3572 At the same time, we have got--not telling how many
3573 vehicles are out there. More young ladies, or young men, are
3574 going to bear the scars again. Or worse than that, someone
3575 is going to--not be able to finish out their life. What is
3576 that worth to you? How do you put a dollar amount on that?
3577 What if that was your daughter? I have got three at home. I
3578 can tell you what it is worth. Do you have a daughter?

3579 Mr. {Kennedy.} I have a daughter and a son.

3580 Mr. {Mullin.} And a son. Wouldn't you be pretty
3581 passionate about it? Wouldn't you want--

3582 Mr. {Kennedy.} Absolutely.

3583 Mr. {Mullin.} --the owner to be owning up to it, and
3584 say, we are going to do whatever it takes, we will take the
3585 responsibility for it?

3586 Mr. {Kennedy.} Yeah, and we believe we--

3587 Mr. {Mullin.} But, you know--but, sir, you are still
3588 making what--we believe. 2004, we are in 2015. How long
3589 have you been making airbags?

3590 Mr. {Kennedy.} Since, I believe, 1987.

3591 Mr. {Mullin.} How many more studies do you need to

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

3592 have?

3593 Mr. {Kennedy.} As I said, and I think--I am not trying
3594 to be evasive. I mean, you have heard it from other people
3595 that have been involved in this, they are very smart people
3596 too. It is--

3597 Mr. {Mullin.} Evasive?

3598 Mr. {Kennedy.} --a very multifaceted issue that we do
3599 not--

3600 Mr. {Mullin.} Multifaceted. That is--that is a great
3601 term to use. We use political terms here all the time. We
3602 know how to talk a little bit around in circles. We are
3603 looking for ownership.

3604 Mr. {Kennedy.} Well, we--

3605 Mr. {Mullin.} I understand it is complex. The product
3606 you make is very complex. I have been hit in the face with a
3607 few of them.

3608 Mr. {Kennedy.} Me too.

3609 Mr. {Mullin.} Yeah. Fortunately, I have survived. I
3610 understand the issue about--from impact to stopping you, the
3611 safety behind it, this can be complex, but a problem is a
3612 problem. It is not that complex. You do what it takes. You

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

3613 know, you have to figure out, okay, what is a life worth?

3614 Put a dollar amount on it? I don't know how you can.

3615 Mr. {Kennedy.} I don't know how you can either, sir--

3616 Mr. {Mullin.} You get it replaced.

3617 Mr. {Kennedy.} --and we certainly do not.

3618 Mr. {Mullin.} Instead you said that the complexity of

3619 it, we don't really know the makeup of it, but our

3620 competitors are finding out a product to replace. Your

3621 competitors?

3622 Mr. {Kennedy.} Well, we--

3623 Mr. {Mullin.} You guys--you--it sounds like, to me, you

3624 are willing to do anything but take ownership. Your

3625 competitors? I can't imagine sitting up here and saying, my

3626 competitor is going to fix my problem.

3627 Mr. {Kennedy.} Well, we were doing that in order to get

3628 parts in the field faster. Some of our competitors have

3629 products that--

3630 Mr. {Mullin.} You have known about it since 2004.

3631 Mr. {Kennedy.} Not to the level that we have here, sir.

3632 2004--

3633 Mr. {Mullin.} You--in 2004 you identified there was a

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

3634 problem. You said that you could recreate the problem. You
3635 knew there was a problem.

3636 Mr. {Kennedy.} We--and we thought we had a root cause
3637 at that time too. We thought the--

3638 Mr. {Mullin.} Did you replace them?

3639 Mr. {Kennedy.} --issue was closed. Yes. We
3640 initiated--

3641 Mr. {Mullin.} How did you track them down?

3642 Mr. {Kennedy.} Pardon me?

3643 Mr. {Mullin.} How did you track them down?

3644 Mr. {Kennedy.} We worked with the automakers that were
3645 involved.

3646 Mr. {Mullin.} But we still haven't got people notified.

3647 Mr. {Kennedy.} And that is a problem.

3648 Mr. {Mullin.} I mean, I--

3649 Mr. {Kennedy.} That is a huge problem.

3650 Mr. {Mullin.} I raise cattle, and if my cow, for some
3651 reason, I sell, and it ends up in California, and somehow
3652 ends up with mad cow disease, it is not born with a birth
3653 certificate, or a serial number, or--

3654 Mr. {Kennedy.} Right.

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

3655 Mr. {Mullin.} --or a bar code, but yet we are able to
3656 track it all the way back to my farm.

3657 Mr. {Kennedy.} Right.

3658 Mr. {Mullin.} And we can't do that with an airbag?

3659 Mr. {Kennedy.} Well, we can tell you exactly what
3660 airbag we sent, and the OEMs--the automakers can tell you
3661 what vehicle it is in. The issue, for the most part, has
3662 been getting that recall rate back up.

3663 Mr. {Mullin.} No, it is the cost. I believe we already
3664 found the root of the problem. It is the cost.

3665 Mr. {Kennedy.} No, sir, I--

3666 Mr. {Mullin.} No one wants--

3667 Mr. {Kennedy.} --disagree with that.

3668 Mr. {Mullin.} --to bear the cost.

3669 Mr. {Kennedy.} I disagree with that.

3670 Mr. {Mullin.} If we wanted to find the problem, you
3671 cannot convince me we couldn't find a solution. Except--

3672 Mr. {Kennedy.} We--

3673 Mr. {Mullin.} --we haven't even agreed on the panel
3674 that is in front of me who is going to pay for it. I think
3675 that is the root of the problem. Mr. Chairman, I yield back.

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

3676 Mr. {Burgess.} Chair thanks the gentlemen, gentleman
3677 yields back. The Chair recognizes the gentleman from
3678 Illinois, Mr. Kinzinger. 5 minutes for questions, please.

3679 Mr. {Kinzinger.} Well, thank you, Mr. Chairman, and for
3680 the four of you, thank you for being here, and thanks for
3681 being willing to talk with us about these very important
3682 issues.

3683 You know, at a December hearing I asked our panel, which
3684 included BMW, Toyota, and Honda, if they agreed that sharing
3685 OEM part numbers and other identifiable information with the
3686 automotive recycling industry would help increase safety.
3687 They agreed, and expressed support for the efforts to improve
3688 methods to identify parts, and to share part numbers with
3689 recyclers. Earlier this year, in February, Transportation
3690 Secretary Fox stated that he also supports auto manufacturers
3691 providing part numbers to recyclers, and that, furthermore,
3692 manufacturers should provide this information in an easy to
3693 use format. The key here is that this approach would not
3694 require the creation of any new government program or
3695 bureaucracy, but it is something that the industry should
3696 tackle on its own.

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

3697 To Mr. Bozzella and Mr. Bainwol, it appears that we have
3698 a unique instance where regulators and industry seem to agree
3699 on an approach to address a problem in large part because
3700 everyone understands that sharing this information will
3701 improve safety. My question is this, if you know the answer,
3702 when and how do your members plan on making this information
3703 available to recyclers, and are you aware of any discussions
3704 in the industry to help share this information to improve
3705 safety? Mr. Bozzella? Yeah, if you could go first?

3706 Mr. {Bozzella.} Congressman, I am--I don't know the
3707 answer to your question. I will certainly go back to our
3708 members that were on the panel and get back to you.

3709 Mr. {Kinzinger.} Okay. And, Mr. Bainwol, do you have
3710 any--

3711 Mr. {Bainwol.} Likewise.

3712 Mr. {Kinzinger.} Okay. So, yeah, if you guys could--
3713 because I understand that you may be unaware of the issue, if
3714 you could maybe get that information and follow up with my
3715 office, that would be helpful, as we continue to explore this
3716 issue going forward. I will ask you this, what can your
3717 organizations do to kind of help facilitate this, and to make

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

3718 something like this happen?

3719 Mr. {Bozzella.} I will get--we will have a conversation
3720 within our association, and we will be able to get back to
3721 you after that point.

3722 Mr. {Kinzinger.} Okay, great.

3723 Mr. {Bainwol.} So I would simply note that this
3724 question of resolving, and getting expeditious recalls done,
3725 is an important priority for everybody, and we do view this
3726 as, as I said earlier, a shared responsibility, and we are
3727 willing to work with anybody to make sure we can get this job
3728 done as quickly as humanly possible.

3729 Mr. {Kinzinger.} Okay, great. Mr. Chairman, that is
3730 all the questions I have. If you would like my time, I can
3731 yield it to you, or I can yield back.

3732 Mr. {Burgess.} Will accept you yielding back--

3733 Mr. {Kinzinger.} I yield back.

3734 Mr. {Burgess.} --and I thank the gentleman. The
3735 gentleman yields back. Chair recognizes Ms. Clarke.

3736 Ms. {Clarke.} Thank you, Mr. Chairman. I would like to
3737 request unanimous consent to submit a written statement of
3738 the American Car Rental Association and the Consumers for

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

3739 Auto Reliability and Safety into the record.

3740 Mr. {Burgess.} Without objection, so ordered.

3741 [The information follows:]

3742 ***** COMMITTEE INSERT *****

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

|

3743 Ms. {Clarke.} Thank you, sir.

3744 Mr. {Burgess.} I will recognize myself just for one
3745 follow up. And I dwelled a lot on the ammonium nitrate as a
3746 propellant, and this question really is for anyone. My prior
3747 life, I was a physician. I did work some in emergency rooms,
3748 and I remember airbag deployments with sodium azide, and I
3749 remember burns, and eye injuries, forearm burns, knee burns
3750 when the bag went off. But I also recall that there were
3751 environmental concerns about sodium azide, and Mr. Kinzinger
3752 brought up about salvage yards, and there was concern about
3753 this sodium azide just eventually getting into the
3754 environment.

3755 So are there any other propellants that are being worked
3756 on? Is there, like, a--purely a gas propellant, carbon
3757 dioxide or something that can--or nitrogen, something that
3758 wouldn't have the characteristics--the explosive
3759 characteristics of ammonium nitrate, or the toxic
3760 characteristics of a sodium azide?

3761 Mr. {Kennedy.} Yes, sir, there are a wide variety of
3762 inflators out there. Some--we call them cold gas inflators.

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

3763 They are just a cylinder that is filled with gas under high
3764 pressure, and you have a small ignitor that hits a little
3765 burst disc, and the gas comes out. There are some that we
3766 call hybrids that have gas, and then have a little bit of
3767 propellant that kind of heats it up. Usually it is not
3768 ammonium nitrate in most of them. Then there are alternate
3769 solid fuels out there, primarily guanidine nitrate is what
3770 most of the industry uses now, and what we are transitioning
3771 to.

3772 We can provide all kinds of information, if you would
3773 like to take a look at--and some--

3774 Mr. {Burgess.} Well--

3775 Mr. {Kennedy.} --are better in other applications than
3776 others.

3777 Mr. {Burgess.} What is the barrier for getting
3778 something that is less explosive than ammonium nitrate, and
3779 less toxic than sodium azide?

3780 Mr. {Kennedy.} You know, it is--it really goes back to
3781 some of the tradeoffs that I was talking about earlier, size,
3782 weight, performance.

3783 Mr. {Burgess.} Cost?

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

3784 Mr. {Kennedy.} Well, and cost is certainly one of them
3785 too, yeah. I mean, some of those gas inflators are bigger,
3786 so you--it is harder to get them in a steering wheel, for
3787 instance. So there is--there are those kind of tradeoffs.
3788 But we can certainly provide any kind of information that you
3789 are interested in seeing.

3790 Ms. {Clarke.} I would appreciate you making that
3791 available to the Subcommittee. I think that would be helpful
3792 to us.

3793 Mr. {Kennedy.} Very well, Chairman Burgess.

3794 Mr. {Burgess.} Well, seeing there are no further
3795 members wishing to ask questions, I do want to thank all of
3796 our witnesses for their participation in today's hearing. It
3797 has been a long one. Pursuant to Committee rules, I remind
3798 members they have 10 business days to submit additional
3799 questions for the record. I ask the witnesses submit their
3800 response within 10 business days upon receipt of those
3801 questions. And, without objection, Subcommittee is
3802 adjourned.

3803 [Whereupon, at 5:16 p.m., the Subcommittee was
3804 adjourned.]